



Daily Report

Latin America

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6 January 1989

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Cuba

More on Revolution Celebration, Activities

Castro Meets Romanian Official

AU0401205489 Bucharest AGERPRES in English
1950 GMT 4 Jan 89

[Text] Havana AGERPRES, 4/1/1989—Fidel Castro Ruz, first secretary of the CC of the PCC, president of the Council of State and of the Council of Ministers of the Republic of Cuba, received Lina Ciobanu, member of the Executive Political Committee of the CC of the Romanian Communist Party [RCP], deputy prime minister, head of the Romanian party and governmental delegation attending the festivities occasioned by the 30th anniversary of the victory of the Cuban Revolution.

On the occasion, the Cuban leader was conveyed on behalf of the General Secretary of the RCP and President of Romania Nicolae Ceausescu and of Mrs Elena Ceausescu a warm friendly salute and the the best wishes of health and further success in his activity, and the Cuban people wishes of prosperity.

Thanking, Fidel Castro Ruz requested that President Nicolae Ceausescu and Mrs Elena Ceausescu be conveyed a cordial salute and wishes of good health and success in their activity, and the Romanian people wishes of prosperity and happiness.

During the interview reference was made with satisfaction to the ties of mansided cooperation between the two parties and countries, and the wish was expressed to develop and deepen them in keeping with the understandings covenanted at top level, in the interest and for the benefit of the Romanian and Cuban peoples, of the cause of socialism and peace.

Lina Ciobanu met and held talks with Rosa Elena Simeon and Yolanda Ferrer, alternate members of the Political Bureau of the CC of the PCC, as well as with Antonio Esquivel, vice-president of the Council of Ministers, co-chairman of the Joint Romanian-Cuban Governmental Commission of Economic, Technical and Scientific Cooperation.

Machado Ventura Meets Vorotnikov

FL0501184989 Havana Radio Reloj Network
in Spanish 2012 GMT 4 Jan 89

[Text] PCC Politburo member Jose Ramon Machado Ventura met today with Vitaliy Vorotnikov, CPSU Central Committee Politburo member and RFSFR Supreme Soviet Presidium Chairman, and the rest of the Soviet delegation visiting our country for the festivities marking the 30th anniversary of the triumph of the revolution. At the meeting, which was held in a warm and

fraternal atmosphere, ideas and opinions were exchanged on the main tasks being carried out by the Communist Parties of Cuba and the USSR to further socialism.

Shortly before the meeting Vitaliy Vorotnikov, along with the rest of the USSR delegation, laid a wreath at the foot of Lenin's monument in the park bearing his name.

This afternoon the Soviet delegation will take part in the central act marking the triumph of the revolution. This will be held at Expo-Cuba.

Video Report on Castro Speech

FL0501235589 [Editorial Report] Havana Television Service in Spanish at 0200 GMT on 5 Jan begins deferred coverage of the 3-hour-and-15-minute main ceremony marking the 30th anniversary of triumph of the Cuban Revolution and the inauguration of Expo-Cuba.

The opening scene is of President Fidel Castro standing with Nicaraguan President Daniel Ortega to his left on the stage with visiting foreign delegations, party leaders, and construction workers. Everyone is shown clapping as they await the beginning of ceremony. Behind the stage, there is a large red banner which reads: XXX Anniversary of the Triumph of the Revolution. About a minute after the opening, the Cuban national anthem is played and everyone on stage and in the audience rises. While the anthem is played, the camera pans the people on stage and the audience.

At 0201 GMT, the camera shows a close-up of staff announcer Manolo Ortega, who is at the stage's podium and who announces the beginning of a ceremony. After his introductory remarks, he introduces the special guests at the festivities. The camera cuts to a wide shot of each guest as he introduces them. The guests are: Daniel Ortega, President of Nicaragua; Milos Jakes, secretary general of the Czechoslovak Communist Party; Vitaliy Vorotnikov, member of the Politburo of the CPSU Central Committee; and Sam Nujoma, president of the South-West African People's Organization.

At 0204 GMT, Manolo Ortega introduces Miguel Dominguez Alvarez, chief of the Expo-Cuba project. Camera shows Dominguez Alvarez speaking, also pans audience. When Dominguez Alvarez has completed his remarks, he presents Castro with a photo album of the various construction phases through which Expo-Cuba has gone. Camera shows wide shot of Castro accepting album and embracing Dominguez Alvarez.

At 0213, camera shows close-up of Manolo Ortega at podium who announces that Castro will be presenting recognition certificates to eight workers who have accumulated a large number of voluntary work hours. While

Manolo Ortega introduces the workers the camera shows a wide shot of Castro presenting the certificates to each worker and chatting with them briefly.

At 0218 Manolo Ortega introduces Ester Gil Galarza, director of Expo-Cuba. Close-up of Gil Galarza is shown as she speaks. Camera pans audience. At the conclusion of her approximately 5-minute remarks, camera shows Gil Galarza stepping away from podium and hugging Castro. She returns to the podium and announces that she will present Castro with the Expo-Cuba mascot, the Guanani—a distinctive artifact worn by Taino Indian chiefs. Camera shows wide shot of Castro receiving the figurine, which is made of crystal. At 0226, Gil Galarza introduces a chorus which sings the Expo-Cuba anthem. A wide shot is shown of an approximately 20-member chorus wearing white Expo-Cuba t-shirts and helmets.

At 0229, the chorus finishes singing its anthem and Manolo Ortega announces that Commander in Chief Fidel Castro will speak for the 30th anniversary of the triumph of the revolution and the inauguration of Expo-Cuba.

Castro Tours Expo-Cuba

*FL0501152889 Havana Tele-Rebelde Network
in Spanish 1200 GMT 5 Jan 89*

[Text] Just before the central act marking the 30th anniversary of the triumph of the revolution began, our commander in chief toured the Expo-Cuba facilities.

While touring the permanent exhibit of Cuba's social and economic development, the supreme leader of the revolution was accompanied by personalities from various countries who were invited to the festive celebration of the triumph of the revolution.

On this occasion Fidel spoke with the exhibit's personnel and gave the guests details of Expo-Cuba's construction. No place other than Expo-Cuba could be host to this celebration because Expo-Cuba summarizes and symbolizes what our people have been able to do during these past 3 decades. Also, Expo-Cuba itself is an example of the accomplishments made in labor. The concept for building the permanent exhibit of Cuba's social and economic development was conceived only 23 months ago. Ground breaking for the project began 20 months ago.

Thousands of workers, technicians, and professionals from our nation made it possible for this dream to become a reality.

As of today, 5 January, all our people and foreign visitors will be able to visit the 25 pavilions that make up Expo-Cuba.

Irish Delegation Visits

*FL0501155789 Havana Tele-Rebelde Network
in Spanish 1200 GMT 5 Jan 89*

[Text] Severo Aguirre del Cristo, acting president of the National Assembly of the People's Government, has received Mr Sean Treacy, speaker of the House of Representatives of the Republic of Ireland.

The talks were held in a friendly atmosphere, representative of the relations our country has with the Republic of Ireland. The delegation headed by Sean Treacy is here to participate in the festivities marking the 30th anniversary of the triumph of the revolution.

The activities to be carried out by the visiting delegation until 11 January include touring places of economic and social interest.

Rafael Rodriguez Meets Soviets

*FL0501164089 Havana Tele-Rebelde Network
in Spanish 1200 GMT 5 Jan 89*

[Text] Carlos Rafael Rodriguez, member of the PCC Politburo and vice president of the Councils of State and Ministers of Cuba, has received Vitaliy Vorotnikov, member of the Politburo of the CPSU Central Committee and chairman of the Presidium of the Soviet Supreme of the Russian Soviet Federated Socialist Republic.

At the meeting, which was held in the fraternal atmosphere representative of the ties between our countries, the delegates discussed subjects related to Soviet-Cuban cooperation.

Also present on the Soviet side were Yuriy Petrov, Soviet ambassador to our country, V. Shamshin, minister of communications, and Vladimir Shatalov, president of the Soviet-Cuban Friendship Society.

Luis Felipe Vazquez, chief of the PCC Central Committee's USSR section, was at the meeting for the Cuban delegation.

Afghan Delegation Meets Castro

*LD0501201089 Kabul Domestic Service in Pashto
1530 GMT 5 Jan 89*

[Text] The high-ranking Afghan state and party delegation led by Sultan 'Ali Keshtmand, member of the Politburo and secretary of the PDPA Central Committee, who went to Cuba to participate in the 30th anniversary of the Cuban Revolution, met with Fidel Castro, first secretary of the PCC Central Committee, chairman of the Cuban Councils of State and Ministers.

BAKHTAR reports that during this meeting a message of congratulations on the occasion of the 30th anniversary of the Cuban Revolution from Esteemed President

Najibullah, general secretary of the People's Democratic Party of Afghanistan Central Committee, was presented to and received with thanks by Fidel Castro.

During this meeting views were exchanged on the current situation in Afghanistan and about the joint efforts by the Soviet Union and Afghanistan to find a political solution to the situation around Afghanistan, and on other topics of mutual interest.

According to another report, the Afghan delegation during its stay in Cuba met separately with the chairman of the Cuban Assembly, the head of the People's Friendship Society, and a number of leaders of progressive parties and revolutionary movements of Latin America. The delegation signed mutual cooperation protocols with a number of these parties and fronts.

Jakes Presents Award to Castro

LD0501212089 Prague CTK in English
1953 GMT 5 Jan 89

[Text] Havana, Jan 5 (CTK correspondent)—Czechoslovak Communist Party General Secretary Milos Jakes presented here today the highest Czechoslovak state distinction, the Klement Gottwald Order, to the Cuban Communist Party first secretary, President and Premier Fidel Castro.

In his speech, Milos Jakes said that this distinction was awarded to Fidel Castro for his extraordinary personal merits for the extension of fraternal friendly relations, alliance and cooperation between the Czechoslovak and Cuban communist Parties, the two countries and their peoples.

The same day Milos Jakes laid a wreath at the Jose Marti Monument and together with his entourage paid tribute to this significant personality of the national liberation struggle of the Cuban people. Present at the ceremony was member of the Cuban Communist Party Politburo, Deputy Premier Carlos Rafael Rodriguez.

Cuban leader Fidel Castro highly praised in his address the presence of Czechoslovak Communist Party General Secretary Milos Jakes at the Cuban Revolution celebrations, and was pleased to receive the Czechoslovak Klement Gottwald Order on this special occasion.

Czechoslovakia was one of the first socialist countries with which Cuba set up relations after the revolution and from which it received valuable assistance at difficult times. He thanked the Communist Party, government and people of Czechoslovakia for this aid.

Throughout the thirty years, he added, our relations have been developing and the two countries have a high degree of mutual understanding.

Today's symbolic act is a forerunner of more friendship and cooperation between Cuba and Czechoslovakia to come in the future years, Fidel Castro said and expressed his sincere appreciation of the distinction.

Later, the Cuban leader gave a dinner in honour of the Czechoslovak Communist Party general secretary.

Ortega on Cuban Policies

PA0501215089 Managua Radio Sandino in Spanish
2009 GMT 5 Jan 89

[Report by Marta Monge from Havana]

[Text] From Havana, Cuba, we want to tell Radio Sandino's listeners that Nicaraguan President Daniel Ortega Saavedra has described his 48-hour visit to Cuba as very satisfactory. Ortega Saavedra participated in the celebrations marking the 30th anniversary of the Cuban Revolution and left Cuba at 1400 from Jose Marti International Airport. He said the FSLN supports Cuban President Fidel Castro's stance on international affairs and he reiterated his call for the formation of a united Latin American front to oppose imperialist plans.

[Begin Ortega recording] As we conclude our visit to Cuba on the occasion of the Cuban Revolution's 30th anniversary, we feel very pleased to note that Cubans' enthusiasm, spirit, and combativeness is the same now as it was when the Cuban Revolution triumphed 30 years ago. Revolutionary principles are defended today just as vehemently, forthrightly, and courageously as they were back then and as they have been throughout these 30 years, despite Yankee aggression, imperialist plans, and U.S. attacks and invasions against the Cuban people.

I must particularly note Comrade Fidel's views in his speech yesterday. I fully agree with the parts of his speech dealing with Cuba's domestic affairs, such as its social, economic, political, and ideological aspects, just as I agree with his appeal for true peace in the world. Peace should not entail security just for the superpowers; peace should bring security to countries like ours that are not military and economic powers. It is truly worrisome that just when a climate of peace in the world was fostered in December, including the comprehensive agreements between the USSR and the United States, a month later the U.S. Government resumes its policy of aggression against the Libyan people and Government; maintains its threats against [words indistinct]; maintains its threats not just against Cuba [words indistinct] to justify actions against Cuba; and maintains its threat of aggression against the Nicaragua people, against the Salvadoran people, and against the peoples of the Third World.

This is a very important point. If headway toward comprehensive agreements between the USSR and the United States has been made, we are certain it is because the Soviet Union has striven for peace. It wants peace for all, not just for the countries signing that agreement. [Words indistinct] of the world. However, the United States, contravening the spirit of that agreement, flagrantly (?jeopardized) all the progress achieved.

We also fully agree with Cuba's stance, expressed by Comrade Fidel, about the need to democratize the United Nations. There is much talk of democracy. This word is used a lot [words indistinct]. But the truth is that there is an undemocratic [word indistinct] at the United Nations. Just because a few countries are military and economic powers, they can [words indistinct], even questioning resolutions they have already adopted, such as the resolution on Namibia. [end recording]

Before boarding the airplane to Managua, he signed a document called the Havana declaration. All the Latin American and Caribbean delegates attending the celebrations of the 30th anniversary signed this declaration, noting their full support for the Cuban Revolution.

Ortega on 'Declaration'

FL0601035789 Havana Television Service
in Spanish 0100 GMT 6 Jan 89

[Text] The delegations participating in the activities marking the 30th anniversary of the triumph of the revolution signed a document called "Declaration in Havana". The document cites support of the Cuban Revolution and the struggle of the liberation movements in Latin America.

Commander Daniel Ortega signed it on behalf of the Nicaraguan people just before departing for the Sandinist territory.

[Begin Ortega recording] [Word indistinct] the signature on what is called the Declaration of Havana by all political leaders—leaders of revolutionary political parties as well as progressive political parties—liberation movements, religious forces who have met here in Havana on the occasion of the 30th anniversary. In this declaration we express our solidarity with the Cuban Revolution and we reject the U.S. policy of blockading Cuba. We denounce the aggressions against Cuba and we call for their end. We also demand the withdrawal of U.S. troops from the Guantanamo base and the return of that territory to its true owners—the Cuban people.

The document also mentions the situation in Central America, which is going through [words indistinct] in El Salvador, Panama, and Nicaragua. We believe this shows the militant solidarity of Latin American people, the political forces present here in Havana, and that today [words indistinct] we have been suffering. [end recording]

Commander Daniel Ortega, president of Nicaragua, left this afternoon after having visited our country for the festivities marking the triumph of the Cuban Revolution. Ortega congratulated the people of Cuba for their combativeness and dedication during these 30 years of victories.

SFRY Official Departs

LD0601101189 Belgrade TANJUG Domestic Service
in Serbo-Croatian 0755 GMT 6 Jan 89

[Excerpt] Havana, 6 Jan (TANJUG)—Ivica Racan, LCY Central Committee Presidium member, left Havana today for Mexico, where he will be the ruling party's guest. In Cuba, Racan led the Yugoslav delegation at the celebrations marking the 30th anniversary of the Cuban Revolution's victory. He also held a lengthy meeting with President Fidel Castro. [passage omitted]

Jakes, Castro Hold Talks

LD0601103589 Prague CTK in English 0903 GMT
6 Jan 89

[Text] Havana Jan 6 (CTK correspondent)—The identity of Czechoslovakia's and Cuba's views in evaluating the situation in the world was confirmed during the talks here Thursday between visiting Czechoslovak Communist Party General Secretary Milos Jakes and Cuban leader Fidel Castro.

The two leaders pointed out the need to develop collective responsibility of the world community for peace, and voiced the resolve of their countries to contribute actively towards detente, the irreversibility of the disarmament process and to cooperation of countries with different social system. They denounced militaristic circles which are not abandoning their dangerous idea of nuclear weapons being a guarantee of security.

Milos Jakes appreciated the contribution of Cuba's foreign policy towards settling problems of developing countries, its internationalist aid, its help in settling the conflict in southern Africa and in strengthening world peace, and underlined Cuba's activity in the Non-Aligned Movement.

The two party leaders called for the strengthening of the international communist and workers movement in its action unity for the sake of peace and social progress.

The two sides voiced their opinions on processes taking place in the socialist world, judging them from different approaches. Each country proceeds from its own conditions but all have a common aim. All measures must be directed towards strengthening the positions of socialism on a national and international scale, towards developing its advantages, ensuring peace and cooperation in the world, they stated.

While presenting the Klement Gottwald Order to Fidel also Thursday, Milos Jakes said inter alia that the people of Czechoslovakia are well informed about Castro's work and life dedicated to the struggle for national freedom and social justice for the Cuban people, and emphasized Castro's authority in the international communist and workers movement.

Linked with his activities are the positive results of building socialism achieved by the Cuban people, Milos Jakes said, noting major steps Cuba and Czechoslovakia, as well as other socialist countries, are taking to elevate socialism to a higher degree. He added that in these efforts, the countries are inspired by the line pursued by the Soviet Communist Party and experiences of other countries. It is a great struggle which is linked with the strengthening of the positions of socialism on an international scale, placing higher demands on cooperation between the two parties and countries, and in the framework of the whole socialist community.

Officials accompanying Milos Jakes during his visit to Cuba met with their Cuban partners Thursday to discuss economic cooperation. Accompanying Milos Jakes are Head Secretary of the Prague City Committee of the Czechoslovak Communist Party Miroslav Stepan, party Central Committee Secretary Frantisek Hanus, Minister of Metallurgy, Engineering and Electrical Engineering Karel Julis and Czech Deputy Premier Miroslav Toman.

SWAPO Leader Denounces UN Force Reduction
FL0501173589 Havana Radio Reloj Network in Spanish
2010 GMT 4 Jan 89

[Text] Sam Nujoma, president of the South-West African People's Organization [SWAPO], said that the petitions to reduce the UN forces in charge of making sure that UN Resolution 435 is carried out, made by some security council members [as heard], were unacceptable, unjust, and anti-democratic.

In an interview given in Havana, SWAPO's supreme leader said that the guerrilla organization will not accept any amendments or additions to the UN plan. Sam Nujoma accused the United States of being behind the petition to diminish the UN group that will assist in the [word indistinct] transition on Namibian soil. The SWAPO president said that, on the contrary, a greater number of UN forces are needed to stop the Pretoria regime from continuing its massacres on Namibian soil. Sam Nujoma accused South Africa of violating the agreements signed in New York.

Sam Nujoma said that he is worried that the U.S. Government has plans toward Namibia's independence process. This process will begin next April.

The SWAPO leader said that Namibia's chance for independence was made possible by South Africa's defeat at the historic battle of Cuito Cuanavale, which forced the racists to the negotiating tables.

Pretoria still has more than 100,000 men—not including puppet or mercenary forces—on Namibian soil, he said. Nujoma also spoke of the need to create an atmosphere of peace and security so that the Namibian people could start the comital process which would allow them to elect members of Parliament and continue to build a new life.

National Police Notes 30-Year 'Commitment'
FL0501200289 Havana Tele-Rebelde Network
in Spanish 1800 GMT 5 Jan 89

[Report on interview with unidentified general by unidentified reporter on the "30th anniversary of the founding of the National Revolutionary Police"; date and place not given—with portion recorded]

[Text] Today is the 30th anniversary of the founding of the National Revolutionary Police [PNR]. Ever since 5 January 1959, the day it was established, the PNR has been writing beautiful pages of heroism, dedication, and fealty to the revolution and the people.

[Begin recording] [Unidentified reporter] General, today is the 30th anniversary of the founding of the PNR. Would you like to give the combatants of that organization any message?

[Unidentified general] Yes I would. To the combatants...[changes thought] To all the people of Cuba, the mass organizations, and the people in general who give us so much support. Today I want to say, basically, that we feel very encouraged by the support we have received from our working people during these 30 years of work. We cannot let a day such as today go by without saying that it has, fundamentally, only one meaning for us: It means that we have a commitment. We have a commitment with our history, the history of our revolution and our police, and a commitment to continue carrying out the beautiful, noble, and important mission given to us by the PCC and the people. Our mission is to properly look after and protect your tranquillity and your safety. I want to say that in moments such as this, we—each and every chief, the officers, and the policemen of our beloved PNR—feel deeply committed to keep working to become what our commander in chief wants and what our people deserve. [end recording]

Raul Castro Tours Santiago de Cuba Enterprises
FL0501144189 Havana Radio Progreso Network
in Spanish 1200 GMT 5 Jan 89

[Text] Army General Raul Castro yesterday toured enterprises and works being constructed in Santiago de Cuba. Accompanied by Politburo members Velma Espin and Esteban Lazo, Raul visited the recently finished Solar Energy Research Center. He was interested in the various applied research processes the center was carrying out.

Later, Raul went to the Dolores Concert Hall which adjoins the old school in which he spent part of his infancy.

The FAR minister also visited the facilities that are being built for the Fourth PCC Congress and held a meeting with the Antonio Maceo Contingent.

Opposition Deputies Criticize Price Increases
PA0501143489 Mexico City THE NEWS in English
31 Dec 88 p 2

[Text] The new prices for basic consumer goods and services that take effect Sunday will increase the inflationary spiral and seriously cripple people's buying power, opposition-party members said Friday.

Opposition representatives in the Chamber of Deputies and the Federal District Assembly of Representatives decried the new Economic Growth and Stability Pact (PECE), saying it will leave Mexico's working class poorer.

Price increases in basic products, such as milk, will hit hardest at low-income families, who already lack the resources to give their children an adequate diet, they said.

National Democratic Front (FDN) Deputy Francisco Ortiz Mendoza said the PECE will reduce the purchasing power of the working class.

Representatives of the center-left FDN said price hikes for electricity, petrochemicals and rail service, for instance, will lead to price increases in other consumer products.

Mexican Socialist Party (PMS) Assemblyman Hector Ramirez Cuellar agreed, saying these increases will give inflation breathing room, and necessarily will have repercussions on the rest of the nation's economy.

Ramon Sosamontes Herreramoro, assembly coordinator of the PMS, said the hikes will force businesses to pass on their increased production costs to consumers.

No business owner whose production costs increases will respect the PECE agreement, Sosamontes said.

Antidrug Operations, Arrests Reported
Marijuana Seized

PA0501022089 Mexico City UNOMASUNO
in Spanish 29 Dec 88 p 10

[Text] The deputy attorney general for investigation and struggle against drug trafficking [subprocuraduria de investigacion y lucha contra el narcotrafico de la PGR] has reported that 1,300 kg of marijuana were confiscated and nine suspected drug traffickers—including six Americans—were arrested during operations carried out by the Federal Judicial Police in three Mexican states.

One of the main actions took place near the city of Mier, Tamaulipas, where a truck transporting 845 kg of the drug was intercepted. Meanwhile, a van bearing no license plate and carrying a hidden shipment of 326 kg of marijuana was stopped on the road from Hermosillo to Cananea.

The Navy Secretariat reported that personnel of the 8th Naval Zone discovered and destroyed 4 marijuana plantations 38 km from the tourist port of Mazatlan, where they found approximately 5,000 plants measuring more than 3 feet high.

With this action, the Mexican Navy has discovered 7 marijuana plantations and 3 seed beds, destroying 121,800 plants, during the month of December.

11 'Drug Ring' Members Nabbed
PA0501044289 Mexico City EL NACIONAL
in Spanish 31 Dec 88 p 6

[Summary] The Office for Investigations and the Struggle Against Narcotics has reported the confiscation of 6 tons of marijuana and the arrest of 11 suspected drug traffickers in Ciudad Juarez, Chihuahua State. The suspects allegedly belong to a drug ring led by Gilberto Lucero, alias "El Grenas," who had been convicted of crimes against health in 1986 and was released from prison a few months ago.

Those arrested in connection with this case were Jaime Valenzuela, Luis Aguilar Diaz, Santiago Martinez Zepeda, Antonio Aguilar, Carlos Kotilla Najera, Raul Cenicerros, Ignacio Paez Coro, Raul Flores Munoz, Arturo Cortes Zamora, Wendy Dury, and Teresa Cardenas Soltero.

El Salvador

Colonel Ponce Discusses FMLN, Elections

PA0501154489 San Salvador TCS Television
in Spanish 1215 GMT 3 Jan 89

[Interview with Colonel Rene Emilio Ponce, chairman of the Armed Forces Joint Chiefs of Staff, by unidentified "Face to Face" program reporters in San Salvador—live]

[Excerpts] [Reporter] Various "Face to Face" guests have said the 3d quarter of 1988 was marked by an increase in violence. You have said this situation was caused by a weakening of the FMLN. First, on what do you base your assertion? Second, your remarks seem contradictory because FMLN military operations in San Salvador prove otherwise. Even in rural areas, the level of violence has not declined but remains about the same. We have recently seen operations which in the long run indicate that the FMLN is not as weak as you claim.

[Ponce] Those who thought the FMLN was militarily capable of attaining power are also witnesses to its current weakening. We can say this for the following reasons: They only carry out terrorist actions. We see the car bombs, sabotaged power towers, slaughtered cattle, murders of mayors, and threats against judges. These are in a series of actions that can be described as indiscriminate or selective acts of terrorism carried out in the rural and urban areas. We feel the FMLN is not capable of confronting the Salvadoran Armed Forces head-on. We feel the FMLN is not capable of sustaining a clash with our Armed Forces. We are saying, therefore, that the FMLN is going backward. The Salvadoran people have obviously isolated the guerrillas because of the FMLN's actions. The people have condemned the FMLN. The Armed Forces have served as their people's instrument to keep the FMLN in its status as a terrorist group. The only thing left to do now is to draw in the net and expel them from the country. [passage omitted]

We believe this is a difficult struggle requiring many sacrifices. The Armed Forces will increase the number of sacrifices it must make. We are prepared to go to the end, even die, because we do not want and will not allow a Marxist dictatorship in this country. [passage omitted]

[Reporter] Although you said there could be a military victory over the short term, the prolongation of the war seems to have led to the recent upsurge of groups like ARDE [Revolutionary Anticommunist Extermination Action]. It seems there is no confidence in the Armed Forces' ability to fight the FMLN. These groups are instead seeking to fight the FMLN on their own. What do the Armed Forces intend to do regarding these new groups?

[Ponce] Society as a whole condemns any group endorsing terrorism and irrational violence. Article 7 of our Constitution bans these groups. That is why the Armed Forces must fight them, and we are fighting them. These

groups will not cower us either. We are going to continue our struggle based on our professionalism and our constitutional mandate. [passage omitted]

[Reporter] Do you categorically deny that last year's military changes—including your promotion—were due to pressures from the U.S. Embassy or to orders from the U.S. Embassy in our country?

[Ponce] I absolutely deny it. The changes within the institution respond to the institution's own dynamics. They do not respond to any political interest or orders. The problem here is that we have an inescapable reality—the war. The war is testing our capabilities.

[Reporter] Colonel, you deny that the United States is pressuring us now with the elections just around the corner. A question arises: What will happen, based on the results of the election? The military must be subject to civilian authority. With this in mind, major changes cannot be expected in the country's military policy if the Christian Democratic Party remains in power. But what will happen if the Nationalist Republican Alliance wins? Have you met with them to see if that party intends to implement changes in military policy?

[Ponce] In view of the March presidential elections, we have met with representatives from all the political parties. They trust in our neutrality and impartiality. To us, that constitutes a guarantee that we are on the right path. [passage omitted]

As a military institution, we demonstrated in the past decade that, in line with our Constitution, we will support and serve the government elected by the Salvadoran people. We are going to respect the will of all Salvadorans in these elections. Who wins the elections does not matter to us.

[Reporter] Colonel, what will happen if the Democratic Convergence [CD] wins the elections? You clearly said you do not want a communist dictatorship in this country. You have talked about communism as a blight. All of us know the CD clearly leans toward the left. We do not want to say they are outright communists, but they do lean toward the left. What will the Armed Forces do if the CD wins the elections? Will they respect the people's will? How can the Armed Forces' actions be made compatible with that government considering that you, for example, do not agree in the least with the policies of a leftist government?

[Ponce] The people will decide who will lead and govern us. As a military institution, we will respect that mandate. Reviewing our history, I can tell you that in (?1980) the leftists were in power 3 months. We are going to respect the people's will. [passage omitted]

Security Measures Implemented Near University
PA0501143689 San Salvador Canal Doce Television
in Spanish 0300 GMT 4 Jan 89

[Report by Alfredo Villareal]

[Excerpts] The police implemented strict security measures around the University of El Salvador this morning as part of a plan to prevent terrorist attacks.

Soldiers from the 1st Brigade and policemen are searching people and vehicles entering or leaving the University of El Salvador. They have cordoned off the university campus and have been searching handbags and vehicles as part of a plan to protect the public. The police have not discovered anything so far. [passage omitted]

The university has been repeatedly described as the FMLN's hideout in the capital city itself. Defense Minister Carlos Eugenio Vides Casanova said on the same day the Armed Forces General Staff was attacked that weapons stored in the University of El Salvador are used to carry out attacks in San Salvador. University Rector Luis Argueta Antillon maintains the accusations are part of a campaign to discredit the university:

[Begin Argueta Antillon recording] Even though these measures do not violate the university's autonomy, they do adversely affect the university. We have been repeatedly accused of hiding weapons and armed men here. We have told the deputy defense minister that the authorities are free to search the campus any time, as long as they follow certain guidelines set by us. We are sure there are no weapons or armed men in the university. [end recording]

This measure is the first taken this year by security officials, who are trying to prevent terrorist attacks in 1989.

Army Reports 4 FMLN Casualties in Usulután
PA0501134489 San Salvador Canal Doce Television
in Spanish 0300 GMT 4 Jan 89

[Text] The FMLN has sustained four casualties in clashes that took place in Usulután Department, according to the Defense Ministry. The military report states that a guerrilla was killed and three others were injured in a clash with 6th Infantry Brigade units in El Zapotal, San Agustín Jurisdiction.

The Army reports that Oromontique Battalion soldiers defused several explosive devices that had been placed by FMLN guerrillas along the slopes of La Paz hill in the area of Concepción Batres, Usulután Department.

Guerrillas Ambush Army Unit; 10 Casualties
PA0501215889 (Clandestine) Radio Farabundo Martí
in Spanish to El Salvador 2300 GMT 4 Jan 89

[Text] At 0545 on 4 January, a guerrilla unit ambushed a Soriano Battalion unit of the 1st Infantry Brigade near El Libano Canton, Suchitoto Jurisdiction, Cuscatlan Department. As a result of this successful ambush the enemy sustained 10 casualties, including the death of a 23-year-old corporal named Jose Samuel Palacios [words indistinct].

Honduras

Azcona Rejects Contra Mediation Request
PA0501170989 Tegucigalpa Cadena Audio Video
in Spanish 1200 GMT 4 Jan 89

[Report by Miriam Mercado]

[Text] President Jose Azcona has rejected a request to mediate a power dispute among the Nicaraguan contras in this country.

Radio America read a letter sent by anti-Sandinist Commanders Tirso Moreno Aguilar, alias Rigoberto, and Walter Calderon, alias Tono, to President Azcona and Armed Forces Commander General Humberto Regalado Hernandez asking them to intercede in convincing Enrique Bermudez, former colonel of the Somozist National Guard, to resign from the leadership of the Nicaraguan Resistance, RN.

The Honduran Government last year expelled Tirso Moreno Aguilar, Walter Calderon, and other commanders who signed a letter advocating a rebellion against Bermudez within the contra ranks. They are currently residing in Miami.

As for the request to mediate the contras dispute, government spokesman Marco Tulio Romero asked: How can President Azcona involve himself in a problem of this nature? Romero, President Azcona's spokesman, said that the contras are the ones who must reach an understanding among themselves.

However, Romero reaffirmed President Azcona's interest in continuing to participate in regional peace meetings. He added that President Azcona will attend a Central American presidential summit on 15 and 16 January in San Salvador.

Lopez on Summit, Azcona Meeting With Reagan
PA0501195889 Tegucigalpa Cadena Audio Video
in Spanish 1200 GMT 5 Jan 89

[Report by Danilo Antunez]

[Text] Honduran President Jose Azcona will meet with U.S. President Ronald Reagan and President-elect George Bush on 10 January. The Honduran National Security Council yesterday studied the topics to be discussed by Azcona, Reagan, and Bush.

The three presidents will meet 5 days prior to the Central American presidents' meeting in San Salvador. Honduran Foreign Minister Carlos Lopez Contreras yesterday reported on Honduras' position at the San Salvador meeting and the topics to be discussed.

[Begin recording] [Lopez] We held a somewhat long meeting this morning to examine Honduras' position at the San Salvador summit on 15 and 16 January. President Azcona is scheduled to go to Washington on 10 January. In today's meeting, we considered the topics that will be discussed both with the incumbent U.S. President and the President-elect. We are still working on this.

[Antunez] With whom will President Azcona meet in Washington?

[Lopez] President Reagan and President-elect Bush.

[Antunez] What topics will Presidents Reagan and Bush discuss with Azcona?

[Lopez] I cannot tell at this moment. [end recording]

In addition, Lopez ruled out the possibility that the Central American presidents' meeting will discuss the suit Nicaragua filed against Honduras at the International Court of Justice [ICJ].

[Begin recording] [Lopez] This is a delicate matter. We are not particularly interested in touching upon this point, because the ICJ has already decided to hear Nicaragua's complaint. Consequently, the matter is out of Honduras' control to some extent. Of course, if the suit continues, we will abide by the ICJ's decision. I would say it is the Nicaraguan Government's prerogative to request that the political negotiation procedure [words indistinct].

[Antunez] Will Nicaragua's complaint against Honduras be brought up at the San Salvador meeting?

[Lopez] As usual, we will be very careful and go there with a positive spirit. We will try to attend every session. The specific point of Nicaragua's complaint, however, is already beyond our control. [end recording]

Armed Forces Report FMLN 'Surprise Attack'
PA0601004789 Tegucigalpa Voz de Honduras Network in Spanish 2315 GMT 5 Jan 89

[Communique issued by the Armed Forces Public Relations Directorate in Tegucigalpa on 5 January]

[Text] The Public Relations Directorate of the Honduran Armed Forces hereby informs the public both here and overseas of the following:

1. At 1830 on Wednesday, 4 January 1989, a National Army patrol was unexpectedly attacked by a group of FMLN guerrillas from El Salvador in the Honduran hamlet of (El Cuyasni), close to the Colomoncagua refugee camp, as the patrol was carrying out routine guard duty in communities on the Salvadoran border.

2. The Honduran patrol fought off the treacherous surprise attack carried out by the FMLN guerrillas in violation of our territory. Infantry Sub-Lieutenant Jose Arnulfo Paz Hernandez was seriously injured in the skirmish. The guerrillas sustained several casualties, which they took with them as they withdrew to their camps in Salvadoran territory.

3. This new incursion into our national territory once again confirms that these subversives constantly infiltrate into certain Honduran communities and refugee camps and use them as rest and resupply sites.

4. The Honduran Armed Forces warn any irregular forces which break Honduran law and violate our territory that the Armed Forces will react and respond without indulgence to fully guarantee the nation's sovereignty and tranquillity.

Armed Forces Deny Meeting With FDR's Ungo
PA0501044489 Panama City ACAN in Spanish 2322 GMT 3 Jan 89

[Text] Tegucigalpa, 3 Jan (ACAN-EFE)—Spokesmen for the Honduran Armed Forces today rejected reports in San Salvador that high-ranking Honduran military officers have met in Panama with FDR President Guillermo Ungo.

According to the Salvadoran news agency SALPRESS-NOTISAL, Honduran Armed Forces Chief of Staff Colonel Roberto Martinez Avila and Salvadoran rebel commander Joaquin Villalobos participated in a meeting with Ungo at the end of December in Panama.

The meeting was reportedly promoted by Panama Defense Forces Commander General Manuel Antonio Noriega, according to reports issued last night in San Salvador.

Panamanian diplomatic sources consulted by ACAN-EFE in San Salvador have confirmed that there was a meeting between Guillermo Ungo and Honduran Military Intelligence Commander Colonel Roberto Nunez Montes.

Ungo returned to El Salvador today from Panama, where he had been since 23 December to spend the Christmas and New Year holidays with some members of his family.

The purpose of the meeting reportedly was to discuss increased military activities and the fear that the Salvadoran Government's position on the border dispute with Honduras could be hardened in view of the possible victory of the right in the Salvadoran elections scheduled to take place in March.

A spokesman for the Honduran Armed Forces' press office in Tegucigalpa has told ACAN-EFE that the report "that Honduran military men have held talks with Salvadoran rebels is false." The source noted: "The Honduran Armed Forces do not hold dialogues with armed groups that take advantage of social and economic crises in neighboring countries to try to violently overthrow democratic governments, thus showing disrespect for the will of the people."

The Panamanian source in San Salvador denied that Villalobos had participated in the meeting as SALPRESS-NOTISAL has reported.

Regarding a hardening of the Salvadoran position on the border issue, a dispute that is already a century old and that is now at the International Court of Justice [ICJ], the Honduran military source said: "We will just wait for the ICJ ruling."

Nicaragua

Ortega Returns, Comments on Presidential Summit
PA0601020589 Hamburg DPA in Spanish 0125 GMT
6 Jan 89

[Text] Managua, 5 Jan (DPA)—Nicaraguan President Daniel Ortega today said he believes the Central American presidential summit will take place on 15-16 January in San Salvador.

Ortega made some brief statements upon returning to Managua after his 3-day visit to Cuba to attend the celebration of the 30th anniversary of the revolution led by Fidel Castro.

Ortega noted the importance of the Central American presidential summit as a means of intensifying the peace process.

The Nicaraguan president returned to Nicaragua on the regular "Cubana" Airline flight with a team of Cuban "machete wielders" who will harvest sugar cane on state plantations.

Government officials and members of the diplomatic corps welcomed Ortega at the "Augusto Cesar Sandino" Airport in Managua.

Tomorrow President Ortega will meet Milos Jakes, secretary general of the Czechoslovak Communist Party, who will be in Managua for a 3-day official visit.

Ramirez Invites Foreign Ministers To Meet
PA0501152189 Managua Radio Sandino in Spanish
1200 GMT 4 Jan 89-txt

[Text] Nicaraguan Vice President Sergio Ramirez announced yesterday that Nicaragua has formally invited the Central American foreign ministers to a meeting in Managua on 12 and 13 January to approve the agenda for the upcoming presidential summit.

Ramirez said the Nicaraguan Government does not have a specific agenda proposal for the 15 and 16 January meeting in El Salvador, but it will offer a few suggestions. The vice president, who met informally with reporters who were on hand for President Daniel Ortega's departure for Cuba, said that a resumption of talks with the contras would have no real value until the government that is about to be installed in Washington establishes a policy regarding the issue.

Ortega Discusses Foreign, Domestic Issues
PA0401205089 Managua BARRICADA in Spanish
31 Dec 88 pp 1, 6, 7

["Excerpts" of interview with President Daniel Ortega Saavedra by BARRICADA reporter Carlos F. Chamorro; date and place not given]

[Text] [Chamorro] Several U.S. analysts have suggested to President-elect Bush that he change U.S. policy in Nicaragua, and they have even mentioned the possibility of negotiations. What do you expect from the new U.S. Administration?

[Ortega] The change of administration in the United States is being observed carefully by the whole world. The man who will assume office as U.S. President participated actively in Reagan administration policy and is very familiar with the way this policy was applied in Central America, particularly in Nicaragua. U.S. policy in Nicaragua is closely linked to U.S. interests in Latin America and the Caribbean. Very important Latin American principals, which are being staunchly defended in Nicaragua, are at stake here.

What alternatives does the Bush administration have? Reagan had three: direct intervention with troops, negotiation, and the use of mercenary forces, which included establishing a ring around Nicaragua with U.S. troops. Reagan sought to politically isolate Nicaragua and to precipitate its economic collapse. But this third alternative did not work.

Under the present circumstances, the use of the contras becomes an entirely secondary matter. Bush must consider two proposals that are vying for prominence in the next U.S. Administration: direct armed intervention—once certain conditions are met—and negotiation. If the U.S. Government decides to intervene in Nicaragua, the contras' presence will be necessary as an additional instrument to increase tension between Nicaragua and Honduras and to pave the way for a direct U.S. action. In

addition, if the administration chooses negotiation, the contras will also be used to try to win as many important concessions as possible from the revolution. Because of this, Nicaragua works in two directions: We prepare to keep fighting the mercenaries and to repel a possible direct intervention by the United States, and we prepare for negotiations.

[Chamorro] Does the Nicaraguan Government already have specific plans regarding the new U.S. Administration?

[Ortega] We have been renewing efforts made over the past 8 years, such as the Contadora peace plan, the bilateral proposals presented to the U.S. Government, and the Esquipulas peace plan. We have also reviewed the Manzanillo negotiations, the results of my meeting with Mr Shultz and with other U.S. officials, which have been held only when the minimum possible conditions for communication were met.

We are in the process of refining our proposal with all these factors in mind, particularly security, which presumably is of more concern for the United States. When will we make this proposal? We do not think it is necessary to hurry. We will wait for Bush to assume office and see both his position and that of the international community in the next few weeks so the negotiation procedure can be implemented.

[Chamorro] What factors will be taken into account for this proposal?

[Ortega] The Central American problem will not be resolved through a U.S.-Nicaragua bilateral negotiation. We cannot ignore the Salvadoran and Guatemalan revolutionary movements, our commitments in Esquipulas, and the fact that these revolutionary movements require a negotiated solution in their countries. We cannot ignore that the United States links the Nicaraguan process to the struggle of the Salvadoran, Central American, Latin American, and Caribbean peoples.

When the United States discusses security, it refers to its concern that more sophisticated weapons are being introduced in Nicaragua, that Nicaraguan ports are used by Soviet ships and submarines, and that short- or long-range missiles will be installed in this country. I think this concern, if it exists, becomes secondary in light of agreements such as the one signed between the Soviet Union and the United States. There is no reason for the Soviet Union to send troops to Nicaragua and at the same time sign agreements to destroy short- and medium-range missiles and, of its own volition, withdraw 500,000 men from Europe.

[Chamorro] What other issue still concerns the United States? The influence that the Nicaraguan revolution has had and will continue to have in Central America, Latin America, the Caribbean, the Third World, and even the United States?

[Ortega] The main concern within this context pertains to the alleged shipment of weapons to revolutionary movements in various countries.

If the United States supports or simply avoids blocking the Central American governments' efforts to establish verification mechanisms, those mechanisms would guarantee that no Central American territory is used to attack other states in the region.

Another security issue would then be left. We are talking about infantry weapons, light and heavy ground equipment, and aircraft. The number of weapons still has to be discussed by the Central American governments. If we manage to establish a reasonable balance of forces, that issue would also be cleared up.

We must mention at this point the presence in the region of military advisers who are also part of the balance of forces. If we had to estimate the size of Honduran forces, we would not only include the Honduran Army but also the U.S. Army, which keeps troops and equipment in that country as it also does in El Salvador. As for Nicaragua, the Army and advisers who might be in the country at a given time would be included in such a count.

[Chamorro] Will security issues be discussed at the January summit, or will democratization be given priority status?

[Ortega] There is an inclination to force the democratization issue into the discussions, but the accord signed in Mexico (by Central American foreign ministers) clearly seeks to establish a mechanism to verify security issues. A proposal for the verification of political issues would be drafted at a preparatory meeting in Managua.

We favor mechanisms to verify compliance with the peace plan with regard to human rights issues and everything else. We believe it is important to involve UN and OAS organizations specializing in human rights issues.

[Chamorro] Are the dates of the summit confirmed?

[Ortega] During talks in Mexico (with Duarte, Cerezo, and Azcona), we agreed to hold a presidential summit preceded by a meeting of foreign ministers in Managua.

I believe that the meeting will take place because all the presidents have expressed their willingness to attend. President Duarte said that although we should not expect great results out of this meeting, simply meeting contributes to the peace process that all Central Americans are demanding.

[Chamorro] Could the current Soviet military aid to Nicaragua be an issue in bilateral talks with the United States? Does the USSR play a role in that negotiation process?

[Ortega] The USSR is playing a very active role in finding a negotiated solution to regional conflicts. Gorbachev's decision to withdraw 500,000 soldiers from the European theater is an overwhelming factor that blocks and weakens the Reagan administration's warmongering policy.

Central American issues were discussed during the Soviet-U.S. talks. The USSR has expressed support for accords signed by the region's countries and opposes meddling in the Central American conflict. The United States has shied away from those proposals.

As for weapons, we had planned to agree to limit the supply of weapons to the region as a result of talks among the Central American countries. This should be a decision of the Central American governments. We must work in that direction to achieve a reasonable balance of forces and limit the supply of weapons to the region.

[Chamorro] Do domestic affairs have anything to do with this negotiation?

[Ortega] We include them in our analysis, but they are not a subject of negotiation with the United States. We have been unable to peacefully implement a political, social, and economic project. The United States must end the war, and Nicaragua is willing to see that happen. This involves a negotiation process with the United States. As for security matters, if we manage to overcome points that concern the United States and Nicaragua, which have brought about so much instability in the region, we would create the appropriate conditions for an internal detente in our countries. We would then be able to work on the development of a mixed economy and political pluralism under normal conditions.

[Chamorro] In Latin America there is a growing trend toward democratization; progressive and nationalist governments are even making a comeback. Where does Nicaragua fit in this trend?

[Ortega] Nicaragua has played an important role in strengthening this Latin American trend. Our resistance to U.S. policy has strengthened it. And rulers on the continent realize that a blow against Nicaragua would have been a blow against this Latin American trend.

When the revolution triumphed in 1979, there were military governments not only in Chile but in Haiti, Paraguay, Argentina, Uruguay, Brazil, El Salvador, Guatemala, and Honduras as well. All have changed with the passing of time, but deep changes will be determined by adjustments in the economic system.

It is important to take into account that although there is a convergence (toward democratic reforms) and toward Latin American unity, this does not rule out the peoples' struggles, even the armed struggles, in Latin America and

the Caribbean. There have been instances where the reason for armed struggle has been legitimate and has been part of a struggle for democracy.

There are armed revolutionary struggles in El Salvador and Guatemala. In Guatemala, it has helped bring about a government like that of Vinicio Cerezo's. In Chile, the legitimate opposition of the Manuel Rodriguez Front has helped strengthen the democratic option. The potential for revolutionary struggle that exists in countries such as Haiti and Paraguay cannot be ignored.

The struggle of the masses, the workers, and the peasants who have shed so much blood cannot be disregarded. This is an element of pressure to open up political spaces in the various Latin American countries.

[Chamorro] In the case of an eventual negotiation ending the war, this does not automatically eliminate other forms of destabilization. How do you see relations with the opposition in this scenario?

[Ortega] As the war winds down, as this type of political confrontation is dismantled, domestic tensions will become less dangerous. Having the Melton plan, with opposition parties as a complement to armed actions prompted by the United States, is not the same as having political actions by opposition groups.

If we wind down the war, confrontation will be limited to a constitutional framework. Right-wing groups who feel encouraged to act with aggressiveness, obeying a plan linked to armed aggression, will lose their support. They will then either accept the constitutional framework or disappear as a political force.

[Chamorro] Next year will be a preelection year. There is talk of municipal elections, Central American parliament elections, Atlantic Coast elections, and presidential and National Assembly elections. Do you believe the economic situation will harm the FSLN in the coming elections?

[Ortega] We feel it would be best if all elections were held in November 1990. Each election would cost about \$10 million to \$12 million. We do not have the money to hold municipal elections after the Central American parliament elections and then hold general elections after that. Atlantic Coast elections are less expensive, so we shall see if we can hold them in 1990 or earlier.

There is already a preelection atmosphere, and there is no doubt economics will be the main theme that the opposition parties will bring up or have already brought up. If a Sandinist follower is interviewed, he must tell the truth—the economic situation is bad.

No one can speak well of the economy, but there is an awareness among the people that if we have an economic problem, it is linked to the aggression that Nicaragua has suffered, and that the government has made efforts to

protect the people. What alternatives can the opposition parties offer the people? Even when they try to blame the FSLN and the government for what they call the "economic disaster," I still believe they have no alternatives to offer.

Political spaces are fragile and could quickly disappear in the short and medium terms if Latin America does not receive a substantive impulse to strengthen its economy. Otherwise, there would be an increased probability that those spaces will disappear and that revolutionary armed struggles will return.

[Chamorro] Your relations with Cardinal Obando were at times excellent and at times tense this year. How do you think your relations with the cardinal and the Church will be from now on?

[Ortega] I have always insisted on something that is quite obvious: The government and the revolution have no problem with the Church whatsoever. The problems we have had have been with some members of the Church hierarchy, and they have been political in nature. There have been several stages in these differences. They have become great at times, but we also have had some periods of rapprochement. However, one cannot say that progress has been made during any of the stages toward a definitive settlement of the political differences.

Cardinal Obando is a leader of the Catholic Church and a member of the Nicaraguan Episcopal Conference, and we have tried to work with him to achieve peace in Nicaragua. After the Esquipulas agreements were concluded, I asked him to participate actively in this effort, because I believe that Cardinal Obando, as the Church leader he is, should rise above all parties and advocate unity among all Nicaraguans.

This led to his participation in the indirect talks with the "contras" and thereafter in the direct talks, in which he played a role together with the OAS secretary general. This process was affected because the talks between the government and the contras became frozen.

A very special situation has arisen with the mothers of those who have fallen during the revolution. They have insisted on talking with the cardinal, but he has not talked with them. I think that, as a Church leader, he could well receive the mothers of the kidnap victims and of those murdered by the counterrevolutionaries and the U.S. policy the same way he receives the mothers of the jailed guardsmen.

We have received the mothers who have come to ask us to release the jailed guardsmen. We have pardoned many of them after listening to their relatives.

There are some elements that do not fail to create friction among the people and do not contribute to the peace efforts that should be made by all of us, most particularly by those of us who have responsibilities

toward the Nicaraguan population. I am confident that the cardinal will demonstrate a willingness to work for peace, to work for it without regard to political beliefs, as he has done on several occasions.

I hope we, the political leaders, will work together with the religious leaders of both the Catholic Church and the Evangelical Church. Large segments of our population belong to churches of various denominations, and we are obliged to work with them to achieve peace.

[Chamorro] Many developments—such as the hurricane, the talks with the "contras," the "Danto" Operation, the tension at the borders, and the economic reform—shook the country in 1988.... What event impressed you the most personally?

[Ortega] The hurricane. For the first time, we found ourselves forced to show maximum goodwill toward the Supreme Council for the Homeland's Defense, which is the organization we have to cope with truly extraordinary situations such as a U.S. invasion. Confronting such a hurricane, which headed directly toward our territory and threatened to cross it from east to west, was to us like coping with a bombing.

One can detect a U.S. invasion, because it is always preceded by a massive bombing. We can take steps to protect our population. The hurricane was going to strike us like a bombing, and we had to protect the population.

I would say that even though the number of victims was small, this was the most dramatic moment I have experienced in these past 8 years.

[Chamorro] The Nicaraguan revolution will have completed its 10th year in 1989. What is your assessment of the mistakes and achievements in these 10 years?

[Ortega] The best proof that the revolution is historically right is the fact that we lasted 10 years despite the U.S. aggression, commercial blockade, and embargo, which caused a tremendous economic crisis in which the Nicaraguan people's great awareness, pride, and courage have stood out.

Our great successes have been marked by the FSLN's leading the Nicaraguan people and the various social sectors in attending to the various tasks the revolution has demanded. Some of our achievements include implementing a literacy drive, confronting the U.S. aggression, and deploying the people at the various fronts to check and ensure the defeat of the mercenary forces. Our successes also include the peasants' production efforts in the zones of conflict, establishing a survival economy despite the U.S. aggression, and coping with a hurricane with a minimum loss of human life.

We made a mistake in the way we handled the political problem caused by the U.S. aggression in the zones of conflict. We also made a mistake when fighting the

mercenary forces in the Atlantic zone and when we applied a wrong economic policy related to subsidies. We risked fostering a paternalistic attitude in the revolutionary state.

[Chamorro] What are the main topics that the National Directorate discussed in its year-end meetings?

[Ortega] The main topic discussed was peace and the efforts we are making both here and abroad. These efforts are always linked to the military defense of the revolution. This defense has become a very important factor to check and dissuade the U.S. policy of aggression.

Another point in the agenda was our economic problems. Our extremely serious economic situation will not be solved quickly. We have controlled our economy more effectively since February. Before this time, in 1984, we lost control of the most important economic segments to a certain extent. The economy even became uncontrollable at a certain point. That is when we decided to take the measures we implemented in February, when we issued a new currency. This devaluation was increased in June.

We estimated at first that inflation would reach 1,300 percent by the end of the year. We revised our calculations in June and estimated that if we could make the necessary adjustments as we went along, our accrued inflation would be 3,000, 4,000, or perhaps as much as 6,000 percent by the end of December.

At the end of the year, our accrued inflation between January and December reached 20,742 percent. This figure represents the inflation carried over from the previous period and the 10,000-percent devaluation when we issued a new currency in February.

After this change and between March and December, our inflation reached 5,884 percent. We must point out that inflation reached a tolerable level as of October. The hurricane that struck us on 21 October, however, caused the inflation to skyrocket again in the past few months.

[Chamorro] Does this mean we are experiencing a similar situation today as we were in February?

[Ortega] No. Today we have a better understanding of economic factors and this allows us to better organize our efforts without thinking only of halting inflation. We could do that, but by sacrificing production, and we are unwilling to do that.

We cannot use an IMF-type policy, in the strict sense of the word. We need to use a somewhat unorthodox policy that will allow us to combine subsidy policies with adjustment factors so the economy can survive until we attain peace.

While the war goes on, inflation will continue, and we must seek how to raise production and protect the people.

Right now, the accumulated inflation rate has had the positive effect of putting the economy in order from the production standpoint, but it has also had a negative effect on salaries. We feel it is important to support the wage earner, and now we have better tools to do so.

[Chamorro] You mentioned combining adjustments with subsidies. Would this be a collective subsidy? What special groups will benefit?

[Ortega] Right now we are reviewing this point with the National Planning Council to enable us to rationalize subsidy policies, because we must grant subsidies to groups who can best use them. For example, no one can deny that the AFA [rice, beans, and sugar package] has been a correct subsidy, directly going to the workers.

[Chamorro] Will the AFA be kept in 1989?

[Ortega] We are going to keep it. Prior to February, price protection did not favor the worker; it favored the middleman. Through the AFA, we are having a direct impact on the workers' wages. This is why we are studying other mechanisms to help the production sector, where we believe salaries are very low and need to be strengthened.

[Chamorro] How do we resolve the conflict between stimulating the market and protecting wage earners?

[Ortega] That element of conflict does exist. We have always appealed to the people's conscience when we want to advance various tasks, and when we use market mechanisms, we run a risk [of undermining that appeal]. However, we believe material incentives should complement actions based on social conscience. We have the challenge of combining political-ideological stimulation with other incentives in such a manner as to make them complementary, with incentives of conscience prevailing.

[Chamorro] Economic policies imply the definition of alliances. With what sectors does the government plan to build alliances?

[Ortega] The government is always responsible for all of the country's sectors, but it must direct and move production forces to the areas that it wishes to shore up because we do not have sufficient resources at this time to take care of all the sectors of our economy.

The fundamental alliance is that of the urban and rural workers with the peasant producer, but we are calling on private producers and owners of large businesses—even those who are on the other side of the fence fighting the revolution with ideological-political speeches and who

are producing even though they claim they are losing money—to join this alliance. We are emphasizing the production of exports, foodstuffs, and basic goods.

[Chamorro] Some business sectors who claim to shy away from polarized political stands have demanded a precise framework for the mixed economic system. Does the government have any stand on this?

[Ortega] I am familiar with their proposals. It is easy for specialists to talk about the economic problem but nobody has proposed a solution because there is really no immediate response to that.

I think that when questions are raised about the mixed economy, there is a political motivation behind them, because the producers know perfectly well that there are mechanisms and very specific rules to help them. We have credit programs, incentives, foreign exchange, prices, and other elements to protect the producers. If these mechanisms were not operating, nobody would be producing. However, the rules are clear-cut and the producers themselves are aware of the government's efforts to help them. This has even led the workers at times to demand a percentage of the incentives in dollars because they are also a fundamental factor of production.

[Chamorro] You have emphasized the socialist orientation of the revolutionary process. How do you perceive Nicaragua's socialism and whom do you include in it?

[Ortega] The defense of revolutionary power is a fundamental task in this stage of the revolutionary process. We are not in an economic development stage. We must defend revolutionary power so we can have a future society centered on a fair distribution of wealth. To produce this wealth, however, we must pass through specific stages, such as the one immediately following the end of the war. Then we would have to begin reconstructing the country, the economy, and all social sectors.

I think socialism must be the result of an ideological process within Nicaraguan society. This process must get all sectors involved, first in the defense of revolutionary power and then in the reconstruction of the country. Socialism cannot be imposed on the minds of an unprepared people. Such an imposition will be determined by society's degree of development.

[Chamorro] Some analysts have pointed out that perestroika could have an adverse effect on developing countries because the Soviet Union's international economic relations might begin to be determined by other factors. What do you think of Nicaragua's relations with other countries on a medium-term basis?

[Ortega] Our relations with the Soviet Union are truly exemplary, considering that these relations occur between a developed and a developing country. Comrade Gorbachev has clearly offered to work for disarmament, earmark more resources to strengthen Soviet society, which has its own problems, and contribute a percentage of these resources to help developing countries. In addition, if we consider Gorbachev's recent proposal at the United Nations to establish a 100-year moratorium on foreign debt amortization, and even forgive the debt of some countries, it becomes evident that the international application of perestroika's economic principles would help developing countries.

Ortega Anniversary Letter to Castro Published
PA0501140989 Managua BARRICADA in Spanish
2 Jan 89 p 3

[Letter dated 1 January from President Daniel Ortega Saavedra to Cuban President Fidel Castro Ruz on the occasion of the 30th anniversary of the Cuban Revolution]

[Text] 1 January 1989
Comrade Fidel Castro
First Secretary of the Communist Party of Cuba and president of the Cuban Councils of State and Ministers

Comrade Fidel:

On the occasion of the 30th anniversary of the triumph of the Cuban Revolution, allow me to congratulate the Cuban party, government, and people, and you personally, on behalf of the FSLN National Directorate, the Nicaraguan Government and people, and on my own behalf.

Fidelity to Marti's ideals undoubtedly made it possible for the Moncada generation, when it triumphed on that 1 January 1959, to permanently restore the sovereignty and independence that had been curtailed and to begin the revolutionary transformations with the proclamation of socialism on the eve of the mercenaries' defeat at Playa Giron.

The people's victory was the foundation for the construction of a free, profoundly democratic and socialist society that is an example and inspiration for all revolutionaries in Asia, Africa, and Latin America. In the particular case of the FSLN, it represented the inexhaustible conviction that in the lands of Marti, Bolivar, and Sandino, the triumph of the people's anti-imperialist revolution was no longer a mere dream.

Comrade Fidel, the Nicaraguan people, who feel so much gratitude and appreciation for their Cuban brothers, rejoice over this 30th anniversary, which is a synthesis of 3 decades of daily, consistent battles on various fighting fronts, where important and decisive victories have been won against imperialism and for freedom, national independence, militant solidarity, and peace.

On this memorable date, we in the fatherland of Sandino and Carlos Fonseca continue to wish you new victories in the construction of socialism, in the consolidation of our common friendship, and in the strengthening of our untiring struggle for peace and Latin American unity. Fraternally,
Daniel Ortega

'CIA Plan' in 5th Region 'Thwarted'

PA0501152089 Managua BARRICADA in Spanish
3 Jan 89 pp 1, 4

[Article by BARRICADA correspondent Tatiana Rothschuh]

[Excerpts] Juigalpa—Combined Interior Ministry [MININT] and EPS forces have neutralized and thwarted CIA plans for a mercenary incursion into the areas surrounding Juigalpa, where the CIA's mercenaries would attack key points, murder peasant leaders, and ambush vehicles, all for propaganda purposes.

The CIA gave such orders to the "Jorge Salazar" Regional Command's 2d Unit, commanded by Capulina. These orders, which aim to convince the U.S. Congress to approve more aid for the contras, were given at a time when efforts toward peace and the Esquipulas II agreements had weakened the contras.

Contra fighters and couriers captured by our intelligence organizations have confirmed these plans, which were aimed at "doing something to improve the situation." The contras, however, were not able to implement the plans because of the heavy blows they received in the last months of 1988.

Commander Fernando Caldera, MININT representative in the 5th Region, said the MININT tried to reduce the contras' maneuvering room and break up their courier network, "while respecting the cease-fire," because the contras represented a danger.

Caldera said the peasant population has supported these defensive actions. Even though everything currently seems to be calm, he added, the MININT will remain on a state of alert. [passage omitted]

The political propaganda effect of any counterrevolutionary action near Juigalpa, according to the CIA plan, would help convince the U.S. Congress of the need to provide the contras with more aid. One of the contras' first actions was staged with this goal in mind: The contras attacked the 5th Military Region's Staff building and destroyed a sewer near Juigalpa in March.

This confirms statements made to BARRICADA by contra "commandos" who were arrested by the MININT while carrying out their plans and by couriers who aided the mercenaries in staging several operations. [passage omitted]

Groups Are Neutralized

The efforts of the EPS and the MININT to neutralize small groups made up of 5 to 10 contras included the capture of mercenary leader "El Comejen" and his cronies, known as "Cano Negro," "Pinares," and "Chocoyo." These contras had sown terror in the Indian territories and were guilty of murdering civilians, indiscriminate ambushes, sabotage, abductions, and robbing small- and large-scale producers.

Another group of five commando units, known as "Cinco Leguas," "Huber," "Comedulce," "Veloz," and "Was," were captured in the Indian territory of Chavaria, northwestern Juigalpa. The military simultaneously captured a network of 13 couriers. More recently, the military captured 18 other couriers in Chavaria and other Indian territories. The mercenary forces had been trying to recruit personnel who would stage attacks on the Juigalpa-Managua highway. [passage omitted]

Commander Caldera added that "our defensive actions to ensure security have been successful and are supported by the people. The people are now able to breathe more easily." He added, however, that this does not mean the enemy has ended his activity. The guerrillas may continue their terrorist policy of waging attacks, he noted, but they can be isolated. Referring to the current state of alert, Caldera said: "The dog has been hurt and could bite."

The areas attacked by the contra group include El Juste, La Palma, southern Acoyapa, San Esteban, and—on one occasion—Hato Grande, where there had been no incursions prior to the cease-fire. [passage omitted]

Panama

New Pro-Noriega Government Alliance Announced

PA0601033189 Panama City ACAN in Spanish
0250 GMT 6 Jan 89

[Text] Panama City 5 Jan (ACAN-EFE)—The five political parties currently in power and two left-wing parties established a new alliance late Thursday for the upcoming 7 May presidential elections, it has been reported in Panama City.

The new alliance is called the "National Liberation Coalition" (COLINA) [Coalicion de Liberacion Nacional] and consists of the Democratic Revolutionary Party (PRD), whose president Carlos Duque made the announcement, the Labor Party (PALA), the Liberal Party, the Republican Party, the Revolutionary Panamanian Party, and the left-wing parties: the Democratic Party of the Workers and the People's Party.

During the meeting of the top leaders of the parties forming the new alliance, the possibility of having General Manuel Antonio Noriega, chief of the Panama Defense Forces, be the COLINA presidential candidate was emphasized.

"Gen Manuel Antonio Noriega represents the dignity of a nation. I believe he meets the conditions to be president," PRD President Carlos Duque said.

In addition to Duque, among those participating in the meeting was Ramon Sieiro, the leader of PALA, a party that had split from the National Democratic Union, which is the alliance that led the current government to power in 1984.

Opposition Parties To Launch Single Candidate

PA0601024989 Panama City Circuito RPC Television in Spanish 2325 GMT 5 Jan 89

[Interview with Guillermo Cochez, legislator and prominent member of the Christian Democratic Party, by unidentified reporter; date and place not given—recorded]

[Text] [Cochez] The opposition has reached another agreement, in addition to its announced decision to participate in the 7 May elections. It has agreed to launch a single candidate chosen by consensus among all the opposition parties. So far, no meetings have been held among the democratic opposition parties to choose a slate.

We are certain the candidates will be chosen by consensus and will be well-known valuable people from among the opposition who are prepared to wage a great battle, because what is ahead will not be easy. This effort will require persons of well-known morality, who at the same time are known to be capable of fighting a good fight. When these meetings begin—we hope tomorrow or Saturday—the people will be informed of the results, because they will be meetings of consensus and the candidates for president and vice president will carry the standard of the united opposition that the people so desire to see as the sole salvation of our problems.

[Reporter] Legislator, in addition to the opposition political parties, such as the Christian Democratic Party, MOLIRENA [Nationalist Liberal Republican Movement], the Authentic Panamenist Party, and the Authentic Liberal Party, will other political forces join the country's opposition bloc?

[Cochez] As has been explained on many occasions, in times like these that Panama is experiencing and which other countries have experienced, one should not ask where the people are coming from, but where they are headed. In Panama there are many political parties—some, perhaps, that are being formed and others that have been deprived of their legal status, as is the case of

the Authentic Panamenist Party—which have demonstrated, in one way or another, their opposition to the regime and, above all, their desire to bring about a change in the country. For example, we have the Liberals who support Dr Esquivel [Eric Arturo Delvalle's vice president], the Republicans who support Eric Arturo Delvalle, the Popular Nationalist Party that is headed by Olimpo Saez, the Popular Action Party under Dr Carlos Ivan Zuniga, which has always been in the opposition, and many other sectors.

FDP Protests U.S. Navy Maneuvers in Canal

PA0601003589 Panama City Telesora Nacional in Spanish 2324 GMT 5 Jan 89

[Communique issued by the Panama Defense Forces Information and Public Relations Directorate on 5 January; place not given]

[Text] The Panama Defense Forces [FDP] Information and Public Relations Directorate hereby informs the citizens of Panama that at approximately 1025 on 5 January U.S. Navy forces stationed in Panama conducted military maneuvers that were not cleared in advance with the Panamanian Government.

Nine fully-armed patrol boats with combat-ready crews were observed at the Pacific entrance of the Panama Canal in tactical deployment operations, escorted by two U.S. Army Blackhawk helicopters.

When these operations became known, the Panamanian representatives to the Combined Board headed by Lieutenant Colonel Aristides Hassan requested an explanation from their U.S. counterparts but received no reply.

The communique states that the U.S. Navy's action violates Article No 4 of the Panama Canal Treaties, which in Paragraph 3-C establishes that Panamanian and U.S. military operations for the protection and defense of the canal must be coordinated by the Combined Board, a binational body created by the Panama Canal Treaties for this purpose.

Through the Combined Board, the FDP vigorously protested to the U.S. representatives against what it considers an intimidating, provocative, and inconsiderate action against Panamanian civilians and local and international merchant navies.

The FDP communique notes that the war vessels used in the aforementioned maneuvers were identified as three PCF 103-ft patrol boats, four Piranha 45-ft patrol boats, and two small 20-ft patrol boats with outboard motors.

Ritter Travels to France, Belgium, Cyprus
*PA0501201389 Panama City LA ESTRELLA DE
PANAMA in Spanish 5 Jan 89 p A-4*

[From the "Names and Events" column]

[Text] Accompanied by several officials, Foreign Minister Jorge Eduardo Ritter has traveled to France for activities related to Panama's foreign policy. He will also visit Belgium for the same purpose. Afterward he will travel to Cyprus, the small Mediterranean country that has always been Panama's sincere friend.

Cubans Provide Advice on Dengue Fever Problem
*PA0501222489 Panama City CRITICA in Spanish
4 Jan 89 p 6*

[Text] At the request of the Panamanian Health Ministry, Cuban Health Ministry officials recently visited our country to provide technical advice on the aedes aegypti mosquito problem.

Dr Jorge Saldivar and Jose Trigo have made observations in important areas such as Colon and Chorrera and they have found a large degree of infestation in the Panama City metropolitan area.

The Cuban advisers recommended that the Panamanian population cooperate with the authorities because the authorities cannot solve the problem alone. A great effort is needed as soon as possible to prevent a dengue epidemic.

Dr Saldivar recalled that the 1981 dengue epidemic in Cuba claimed 158 lives, mostly children, and cost approximately \$40 million to control.

He added that in view of the mosquito situation in Panama and the existence of the disease in Central American and the Caribbean, vigorous action must be taken by the entire population if Panama is to avoid an epidemic like the one in Cuba and other countries in the region.

Correction to Report on Civic Crusade

The following correction pertains to the item headlined "Civic Crusade Urges Participation in Elections," published in the 5 January Latin America DAILY REPORT, page 18:

Column two, paragraph two, sentence two, should read: ...cooperate in the monitoring of the elections... (changing word "financing" to "monitoring")

Argentina

Electrical Energy Emergency Decreed

PY0501022889 Buenos Aires TELAM in Spanish
0130 GMT 5 Jan 89

[Text] Buenos Aires, 4 Jan (TELAM)—The government tonight declared the national electrical energy supply system in a state of emergency. Among other resolutions, the state of emergency will call for a reduction in the transmission of television programs. As of 7 January, television stations will transmit only from 1900 to 2300.

These resolutions adopted through Decrees 6 and 7 were released tonight at government house, after a long meeting between President Alfonsín and Energy Secretary Roberto Echarte at the Olivos residence. Secretary Echarte was authorized to implement the decree resolutions.

Decree 6 results from "the extremely serious imbalance affecting the national electricity generating system, and from the fact that the measures adopted so far have not been sufficient in the face of the continuous deterioration of the weather conditions."

Decree 6 also points out that "taking into consideration that a collapse of the energy system could mean a serious risk to the life and property of Argentine citizens, urgent and special measures must be adopted."

Further on, Decree 6 emphasizes: "For this reason, the national electrical energy supply system connected to the national grid system is declared in a state of emergency throughout the country."

Decree 6 also establishes that "various programs for the reduction of electrical energy consumption are to be implemented by the Energy Secretariat as programs of a national priority."

Article [number indistinct] authorizes the Energy Secretariat to sanction any enterprise fed by the national grid that does not comply with the measures it may implement.

The decree goes on to state that the Energy Secretariat is authorized to cut electricity supplies to those who violate measures that may be implemented to restrict consumption by the consumers fed by the national electricity enterprises.

Moreover, Decree 6 states that the electricity rationing policy called for under the current circumstances should be implemented with strict respect for the priority of the services affected.

It also states that the consumption of electricity by the turning on of television sets and functioning of transmission plants works to the detriment of other basic needs.

The decree states that as of next Saturday, "and as long as the energy emergency situation prevails, television stations, the services of additional community antennas, and communal closed television circuits throughout the national territory—except for those in the Provinces of Misiones and Santa Cruz, and the national territory of Tierra del Fuego and islands of the South Atlantic—will follow a broadcasting schedule that will not exceed 4 hours daily, beginning at 1900 and ending promptly at 2300."

In its second article, the decree specifies that "not adhering to the provisions included in the previous article will be considered a serious breach, and the owners of the television services will be penalized according to Article 81, Clause A, Sections 4 and 5 of Law 22,285. The Federal Radio Broadcasting Committee is hereby entrusted to order the appropriate pretrial inquests in accordance with the provisions of the aforementioned law and its promulgation approved by decree 286/81."

More on Emergency Measures

PY0501153489 Buenos Aires BUENOS AIRES
HERALD in English 5 Jan 89 pp 1, 20

[Excerpts] (DYN-NA)—The Government yesterday increased the time span of its temporary power cut programme from five hours to six hours a day in response to the shut down of the Salta Grande and Rio Grande hydroelectric plants.

In addition, the government declared a nationwide state of emergency in order to avoid a general blackout.

Energy Undersecretary Osvaldo Porteiro said the state of emergency would allow power authorities to concentrate on certain parts of the system in order to avoid a more serious crisis.

Porteiro explained that the new cuts would mean that each zone would suffer from three hour power cuts twice a day separated by four hours of regular energy flow. He added that the cuts would be implemented on weekends as well as weekdays and might also apply to areas not previously affected by cuts such as the banking district downtown.

To make matters worse, the energy system suffered from another shock yesterday when the three main power lines running from the Chocon power plant went dead early in the morning leaving a large area of Buenos Aires in the dark for about a half an hour. [passage omitted]

In Mar del Plata, DEBA energy director Eduardo Pelipe said the Chocon outage caused a three-hour blackout in the downtown area as well as at the Naval base and the residential neighbourhood of Los Troncos. [passage omitted]

Meanwhile, President Raul Alfonsin yesterday said that Hidronor, Segba and the Agua and Energia companies would now be exempted from restrictions limiting public investments in state-owned companies. The president also said that necessary steps should be taken to normalize the National Electricity System (SIN) and that power companies are now free to import whatever parts necessary to alleviate the energy crisis.

In turn, Alfonsin also approved a loan between Hidronor and Creditanstalt-Bankereine of Austria to enable Hidronor to purchase and put in service the old Piedra de Aguila hydroelectric plant.

In addition to these measures, Presidential Chief-of-Staff Carlos Becerra instructed all government ministries to conserve as much energy as possible, saying that the government should serve as an example to the rest of the country. Becerra said government officials should immediately stop using air conditioners, elevators and other major energy guzzlers, and he suggested that cleaning should be done only during daylight hours. [passage omitted]

2-Day Holiday Decreed

PY0501172889 Buenos Aires Domestic Service
in Spanish 1500 GMT 5 Jan 89

[Excerpt] The Executive Branch, through the Electrical Energy Emergency Committee, decreed holidays on 6 and 9 January. This announcement has just been made by Daniel Larriqueta, chief of the Interior Ministry advisory team and member of the Committee. He explained that the holiday will affect the central government, autonomous agencies, and state-run companies, except for those involved in electric power services.

[Begin Larriqueta recording, in progress] ...to decree holidays on 6 and 9 January. The corresponding decree with all the details will be issued this afternoon. The public should learn about this decision through the media and through government channels as soon as possible. The decree will affect the central government, the autonomous agencies, and the state-run companies, except for those involved in electric power services. The decree will empower the Emergency Committee president, who is the interior minister, to enforce this measure on future weekends if the electrical energy emergency continues. The decree will instruct minister and other executive branch officials to make exceptions to this decree in order to guarantee that necessary services are provided, and to take the necessary measures to save as much energy as possible by closing offices and disconnecting all electrical equipment. [end recording] [passage omitted]

Alfonsin Installs New Trade, Interior Officials

PY0601022289 Buenos Aires TELAM in Spanish
2212 GMT 5 Jan 89

[Summary] Buenos Aires, 5 Jan (TELAM)—Today President Raul Alfonsin installed Murat Eurnekian as new

foreign trade and industry secretary and Carlos Enrique Bonvecchi as new interior commerce secretary. They replace Juan Ciminari and Ricardo Mazzorin, respectively.

Gassino Installs III Corps Commander

PY0401142389 Buenos Aires TELAM in Spanish
1205 GMT 4 Jan 89

[Summary] Cordoba, 4 Jan (TELAM)—Army chief of Staff General Francisco Eduardo Gassino today installed General Martin Felix Bonnet as commander of the III Corps. Bonnet, who replaces General Roberto Felipe Dominguez, was the military attache to the Argentine Embassy in the United States.

Court Confirms Detention of 5 Chilean Citizens

PY0601024989 Buenos Aires Domestic Service
in Spanish 0100 GMT 6 Jan 89

[Text] The San Martin Federal Court has confirmed the preventive detention of five Chilean citizens on charges that include illegal association. The Chilean citizens were arrested on 17 July 1988.

We should recall that the Chilean citizens were detained in Buenos Aires Province by the provincial police and are being tried for illegal association and conspiracy against the Chilean Government of Augusto Pinochet.

Bolivia

Government Confirms Renegotiation of Debt

PY0601014089 Madrid EFE in Spanish 0102 GMT
6 Jan 89

[Text] La Paz, 5 Jan (EFE)—The Bolivian Government today confirmed that as of the month of February, it will start renegotiations on its foreign debt with the 15 member countries of the "Paris Club."

Official sources have stated that the Bolivian authorities will set up a renegotiations program that will be subject to the availability of money of each country that signed the "Paris Club II" agreement last November. Through that accord, Bolivia postponed the payment of its debt by 7 years.

The source added that the countries with which Bolivia will negotiate are the following: the FRG, Austria, Belgium, Canada, Spain, the United States, France, the Netherlands, Great Britain, Israel, Italy, Japan, Norway, Sweden, and Switzerland.

The government headed by Victor Paz Estenssoro hopes to renegotiate debts amounting to \$241.1 million until April and then hopes to do something similar with its Latin American bilateral debtors, including Argentina and Brazil, according to the sources.

German Bank Approves DM7.5 Million Loan
PY0601013889 La Paz PRESENCIA in Spanish
28 Dec 88 p 4

[Summary] The Oruro Development Corporation has confirmed that the Kreditanstalt Fur Vieder Aufbau (KFW) has approved a DM7.5 million credit for the restoration of the potable water system.

President Installs New Police Chief
PY0601002989 La Paz EL DIARIO in Spanish
24 Dec 88 p 1

[Summary] President Victor Paz Estenssoro has installed General Mario Molina Herrera as the new commander of the Bolivian Police replacing General David Honojosa.

1988 Santa Cruz Antidrug Operations Reported
PY0601002589 La Paz EL DIARIO in Spanish
24 Dec 88 p 9

[Summary] Santa Cruz, 23 Dec—Colonel Vitalino Perez, commander of the antidrug force of Santa Cruz, reported that in 1988 the police seized 267,931,000 kg of cocaine and that 87 people were arrested.

Brazil

President Sarney To Visit Angola 27 Jan
PY0501230689 Brasilia Domestic Service
in Portuguese 2100 GMT 5 Jan 89

[Text] Itamaraty today confirmed the date of President Jose Sarney's trip to Angola. Despite the visit of Nicaraguan President Daniel Ortega to Brazil from 23 to 26 January, President Sarney will not postpone his trip to Angola scheduled for 27 January.

This information was provided by Itamaraty. It was explained that Sarney was not able to go to Angola earlier because he was very involved in the works of the Constituent Assembly.

The importance of the visit to Angola was emphasized by Itamaraty spokesman Rui Nogueira.

[Begin Nogueira recording] We believe that this trip is very important because Angola is one of Brazil's most important commercial partners in southern Africa.

Angola also represents an expanding market for the Brazilian engineering firms that are building one of the largest dams in the world there. We also have cultural links with Angola, such as language, and a growing trade.
[end recording]

President Sarney's trip to Angola this month is considered to be important because of the withdrawal of 50,000 Cuban soldiers from Angolan territory, which is about to begin, and because of the commission that will supervise the operation, which is commanded by a Brazilian general.

Foreign Minister To Address Paris Meeting
PY0401230989 Brasilia Domestic Service
in Portuguese 2100 GMT 4 Jan 89

[Text] Foreign Minister Abreu Sodre will confirm in Paris Brazil's position regarding the manufacture, stockpiling, and use of chemical weapons.

The foreign minister leaves for Paris tomorrow to attend an international meeting, where it will be suggested that the use of chemical weapons in any type of war must be immediately forbidden.

At the invitation of the French Government, which is sponsoring the meeting, Minister Abreu Sodre will be the meeting's vice chairman. At the meeting's opening ceremony on 7 January, he will deliver a speech on the Brazilian position regarding the use of suffocating, toxic, or similar gases, and the use of bacteriological weapons.

Itamaraty spokesman Rui Nogueira commented on Minister Abreu Sodre's upcoming speech:

[Begin recording] Brazil will insist mainly on the enforcement of the 1925 Geneva protocol that forbids the use of chemical weapons. It is common knowledge that this protocol was not respected in the Persian Gulf war. Clear evidence has shown that chemical weapons were used in the region, with devastating effects on the people living in the countries involved in that conflict.

Brazil clearly rejects the use of force in the solution of international conflicts. Brazil believes that in the event of a war, any weapon believed to be inhumane must be entirely forbidden. Brazil thus forcefully opposes the manufacture, stockpiling, or use of chemical weapons.
[end recording]

In his speech, Minister Abreu Sodre will also insist that funds currently being used to finance the arms race, particularly the nuclear arms race, should be used in the economic and social development of the poorest countries.

*** Ogom EE-T4 Sales to Iraq Under Negotiation**
33420020d Sao Paulo O ESTADO DE SAO PAULO
in Portuguese 10 Dec 88 p 27

[Article by Roberto Godoy]

[Text] Campinas—The Iraqi Army may be the first armed service to use the new Brazilian tank, the Ogom EE-T4, produced by Engesa [Specialized Engineers, Inc]

and designed to carry out armed reconnaissance missions, patrol and advanced rescue missions or commando operations behind the enemy lines. The lightweight vehicle, operating on caterpillar treads and first presented in 1986, is the principal item of negotiations initiated by the firm to capture the market of domestic military equipment for sale to the Iraqis.

The Baghdad high command decided to expand its contracts with Avibras Aeroespacial to purchase new multiple warheads aimed at increasing the fire power of the Astro-II saturation rocket launchers. As an advanced step, negotiations are also underway for a manufacturing license to produce a minimum of 40 EMB-312 Toucan training planes, built by Embraer [Brazilian Aeronautics Company]. Engineer Ozilio Carlos da Silva, superintendent of the company, is now in Iraq working out the details of the transaction, estimated roughly to come to more than \$100 million. Tomorrow Ozilio will go to Egypt where 120 training kits have been assembled in the industrial district of Helwan in the vicinity of Cairo.

Official Mission

The Commercial Promotion Department of the Ministry of Foreign Affairs estimates that \$300 million will be the value of the overall export of weapons, defense systems, and support services (for example, data processing or the design of military installations) being discussed by the two countries for the past 6 months. An official mission is now headed for Iraq.

At an undisclosed date, but one which the embassy in Brasilia places "between July and November," a group of officials from the technical sector of Baghdad's armored tank division and Army staff visited Engesa and were briefed on the program involved in the development of the Ogum, NBC version (with capability of operating in an area subjected to nuclear, biological, or chemical weapons) armored tank, operating on wheels, and the principal battle tank, the EE-T1 Osorio, version II, with 120-mm heavy artillery. The specialists also saw the Leo antitank missile, directed by laser and having a range of 2,500 meters, which the firm, Orbita, maintained by a consortium headed by Engesa and Embraer, will begin to deliver to the Brazilian Army in 1989. However, the visitors had a specific need: the modernization of their EE-9 Cascavel tanks.

Ogum

Meanwhile, the Iraqis expressed particular interest in the small and agile 4.9 ton Ogum. Designed to operate on rough land of any type, the Ogum will accommodate a driver and as many as four soldiers equipped for combat duty in the basic patrol configuration. The Ogum, dedicated to the Afro-Brazilian god of war, can accommodate antitank missile launchers (four tubes) or one 20-mm cannon which can be replaced by a 120-mm mortar (with a range of 13 km).

EMBRAER Reports Sale of Plane Parts to Egypt *PY3112154288 Sao Paulo FOLHA DE SAO PAULO in Portuguese 30 Dec 88 p 6*

[Text] Vale de Paraiba—Yesterday the Brazilian Aeronautics Company (EMBRAER), headquartered in Sao Jose Dos Campos (85 km northeast of Sao Paulo), announced the sale of 14 Tucano single engine military training plane (EMB-312) "KITS" [preceding word in English] to Egypt. Egypt's Air Force already owns 40 Tucanos. The deal, worth \$25 million, was closed 10 days ago by EMBRAER Director Ozilio Carlos da Silva during a Middle East tour.

Silva also visited Iraq, which owns 80 Tucanos and has expressed an interest in assembling the planes in Iraq.

The Tucano leads the world in sales within its category. EMBRAER has already sold 606 Tucanos each with a price tag of \$1.9 million each.

* Lula Views Relations With U.S., Military Role *33420016 Sao Paulo FOLHA DE SAO PAULO in Portuguese 20 Nov 88 p A-10*

[Interview by Mario Vitor Santos with Workers Party leader, Deputy Luis Inacio Lula da Silva, 18 November; place not given]

[Text] If the PT winds continue to gain strength until next year's presidential elections, and candidate Luis Inacio Lula da Silva, the one who benefited most in the municipal contest, wins the race and moves from Sao Bernardo do Campo to Planalto Palace, his government could begin as a hurricane: If it is up to Lula, the banks in Brazil will be nationalized.

Spurred on by the victory, the PT leader in the Chamber of Deputies has begun devising his campaign platform. He claims that if it is carried out, the country will approach a socialist society. On Friday, in an exclusive interview with FOLHA, he announced some points in his program.

Lula wants to put an end to the antipathy toward the Soviet Union. He considers Brazil to be exceptionally dependent on the United States. He wants to change the Armed Forces' constitutional functions, and to "democratize them."

In the newly elected municipal administrations, Lula pledges to break off from the systems and "lobbies" in effect for decades. He claims that PT mayors will oust idle civil servants, hired for political motives. He maintains that the power of the PT authorities will not be a burden to oppress the taxpayer.

The influx of votes on 15 November encouraged Lula to take action to cut short President Sarney's mandate. He does not regard this initiative as coup-oriented, but he would be one of the potential beneficiaries of an election

within the next few months. A legend, an influential name, and blurred ideas that are simultaneously seductive and frightening comprise this unpredictable spectre surrounding Planalto.

[FOHLA] Do you think that the PT victory was a result of an ideological option taken by the electorate, or did the party convey the protest vote?

[Lula] There are two things here. There are two types of votes: first, the ideological vote, which I think is 60 percent of PT's votes. These are votes of people who vote because they believe in PT's political philosophy. And I think that another portion of the vote is that cast against fear of the Right's governing, the vote cast against the state's ferocity, against Volta Redonda's ferocity, against the ferocity of the treatment accorded public servants and against things that the people consider lies, such as the Social Pact. I think that a portion of that electorate saw in PT a way of venting its anxiety, its anger, and its challenge of the government. It's not the same in all towns because, if we look carefully, we'll perceive that we have about 40 percent in Sao Bernardo, and 48 percent in Santo Andre; and we already won over 30 percent in those towns during 1982.

[FOHLA] In the specific instance of Sao Paulo, did the vote extrapolate the party's limits?

[Lula] It obviously extrapolated the limits that the party had had up until then; because the party had 14.5 percent in 1982, and 19.75 percent in 1985. Now, if one were to gauge the votes with the insertion of PT into the social movement, people would reach the conclusion that PT's participation in the social movements is even greater than the vote count that PT won. Therefore, I think that the people observed that channel in PT.

[FOHLA] Do you intend to make a pact with Brizola before the first vote, now, for an alliance in the runoff vote in the presidential elections?

[Lula] It's impossible to have an agreement beforehand. In the runoff voting, all the leftist forces in the contest will have to join together in an attempt to back the most progressive candidate running in the elections.

[FOHLA] If PT wins the election, will it immediately establish the socialism advocated in the party's program?

[Lula] No, not necessarily. The Workers Party will implement the government program that it must devise now, at the end of this year and the beginning of next.

[FOHLA] A platform?

[Lula] I consider it a government platform, and I think that if this platform is fulfilled, we'll be taking extraordinary steps toward a day when we can dream of this country as a socialist society.

[FOHLA] Could you give an outline of that platform, for example, with regard to nationalization of banks?

[Lula] Look, it's still being devised. I wouldn't like to define it, because we have a group of professionals working on it and the party's board of directors will decide on this type of thing. I think, in particular, that the banks have to be nationalized.

[FOHLA] Are you considering any particular change in the relations with the United States?

[Lula] I have deep-seated criticism for the current status of Brazil-United States relations, just as I have criticism for the Brazil-Soviet Union relationship. I think that Brazil is overly dependent on the United States, and has too much antipathy for the Soviet Union. I believe that Brazil needs to be open, on equal terms, to the entire world.

[FOHLA] Are you, personally, also considering any change in the role stipulated for the Armed Forces in the Constitution?

[Lula] Look, we fought hard in the Constituent Congress to have the Armed Forces' role reduced. As a political party, we thought that it was too much to give the Armed Forces a virtually untouchable role; in other words, the role of a higher institution. I think that it was necessary to define the Armed Forces' role, and to democratize them, causing them to have a priority role in the defense of our borders, and not in the defense of the internal order; an internal order for which I think we have several sectors to provide. When we expected the Army to intervene in internal problems in the name of law and order, Volta Redonda occurred. And what happened in Volta Redonda is no different from what happened in Haiti. Unfortunately, I think that when a social segment such as the military, or an institution such as the Armed Forces, exerts pressure to have a leading role in the Constitution, it is because they are not yet convinced of the importance of democracy.

[FOHLA] In Fortaleza, PT experienced problems in its municipal administration due to the following dilemma: Either it upheld the party commitments and hampered its relations in a traditional municipal management, suffering the problems of a political boycott and the lack of resources stemming from that boycott; or else it yielded to the traditional commitments existing in the city hall and state government machines, thereby reneging on the program and the electoral promises. How can that same dilemma be resolved here in Sao Paulo?

[Lula] First, I consider it necessary to explain that the problem between PT and Maria Luiza (Maria Luiza Fontenelle, mayor of Fortaleza) was not that. There was no party interference to have the party program put into practice. The problem in Fortaleza is precisely that there was no discussion between the party and the mayor, because there was a wall, there was something impeding

that relationship. The party never succeeded in making a suggestion, because the mayor had a mistaken interpretation. We must realize that the party's role is not to run city hall. The party's role, as a political party responsible for the election of a candidate, is to devise government programs for the society as a whole, to be debated by the society. PT's role is not to interfere in the administration to the point of trying to select people, or to hire people. That is the role of the mayor, with those in public office, through their representative bodies.

[FOHLA] But that deep-seated dilemma could exist here in Sao Paulo: PT breaking off from traditional systems of municipal administration and being subjected to a boycott by those same systems; in the case of the buses, for example.

[Lula] In the case of the buses, the rates must be carefully controlled. I don't think that a raise in bus fares can be made, because gasoline prices have increased. If the companies don't provide the necessary buses at peak hours, it would be preferable to nationalize the company.

[FOHLA] In the case of land, do you also think, as the mayor elect does, that the "right of occupation" of land takes precedence over the right of ownership?

[Lula] I think that some individuals will attempt to engage in terrorism because of Luiza Erundina's victory. But what she says is constitutional: land has to fulfill its social function. City Hall can't have thousands of square meters of land that is not being used, while the people are living on top of one another.

[FOHLA] But she wasn't talking about City Hall land.

[Lula] I'll get to that. And no private individual can have an enormous amount of land in the downtown section of the city, while the people are thrown into the surrounding areas either. What did she say yesterday? That a real survey must be made of public land, and of privately-owned land, so that City Hall may take the initiative of summoning those owners for a discussion, in accordance with City Hall's own requirements. If expropriation is in order, then expropriate. If conversion into public land is in order, then convert into public land; make the concession.

[FOHLA] Do you maintain that City Hall could possibly oust the land invaders?

[Lula] Look, I think that, from now on, City Hall will adopt a policy of conversing with people before things happen. Why does occupation exist? When someone occupies land, when someone occupies any area, that person isn't occupying out of pride in occupation; that person is occupying as the only thing left to do. What we can't avoid is to put a policy on land occupation into effect with the idea of building decent housing in which those people can live. I don't think that the owner who is

occupying his land will have his land disturbed. Now, as for the owner who has land in the surrounding areas, for mere speculation, I think we'll have to summon that citizen for a talk.

[FOHLA] Your party will be forced to pay for campaign promises, several promises; some in the PT program and others made during the free electoral time period. You know that there are not sufficient resources for that, and that the economic crisis is serious. Do you think that PT is prepared to be a buffer for that crisis?

[Lula] I doubt that anyone remembers a PT promise during the campaign; I doubt it, unless it is the promise that we would govern with the people's participation, unless it is the promise that we would discuss priorities with the people. We'll create instruments that we call people's councils, consisting of persons elected and designated by the districts themselves, to discuss what the priorities are. PT will keep that promise.

[FOHLA] There is much padding in the public machinery, with a major waste of funds. Much of this is to be blamed on the parties, which use public enterprises physiologically. Does PT intend to dismiss those people? Will PT employ its cadres and electoral leaders as public servants too?

[Lula] I don't believe that the party can foster an immoderate layoff process in City Hall, because it would even be irresponsible of us to raise the unemployment rate that is occurring in this country. I think that there are two types of public servants in City Hall: There is the public servant who is a common person and who, even though he hasn't taken a competitive examination, is working there; now he would never be appointed. The professional, the technician, the engineer, the physician, the professor, the chemist, the graphic expert, the capable professional, the honest professional, the working professional will never run any risk in City Hall. Whom do we want to appoint? I don't think that electoral leaders can work in City Hall. Now, though PT can't dismiss, we must consider the fact that the machinery is padded. City Hall can't hire another enormous number of workers. What should we do? Our mayor will discuss the important positions to which persons who have the mayor's confidence are to be assigned. At the same time, we'll avoid hiring to the maximum extent. The personnel already hired must be sent to the sectors needing people. So, we'll attempt to have a shift, capable of making the current staff of public servants in Sao Paulo City Hall and in the city halls that PT is governing useful.

[FOHLA] You mean that this is a PT commitment: An idle civil servant or an electoral leader would be dismissed.

[Lula] Look, I couldn't say; do you know why? It's very difficult for one to gauge who is an electoral leader, and who is not; it's very difficult. I don't think we could be so naive as to imagine that it's easy to uncover an electoral leader. I would prefer to tell you the following, so as as

not to leave the matter even more banal: I think that the preeminently political employee will have to be removed. I believe that the employee must be professional; people have to take a competitive examination, in accordance with their professional and technical qualifications; and the individual must receive a salary and have a career on the basis of this.

[FOHLA] Minister Antonio Carlos Magalhaes thinks that PT will curb its impetus for demands now that it has won some important city halls; because it wouldn't be in the party's interest to generate consecutive crises while it is in those city halls. Do you think that the minister is right; in other words, do you think that PT can run a giant like Sao Paulo with the same mentality as a trade union or a landless movement?

[Lula] Look, this is the most extraordinary challenge that PT could receive; the challenge is fantastic. It is extremely important to us, and I don't think that it will diminish the impetus for demands. Look, we demanded the city hall, and we won it. Now, we are demanding Brazil for next year; and in 1990 we'll demand Sao Paulo and other states in the federation. I don't think that PT has won a city hall to diminish its impetus for demands. It has won a city hall with the precise goal not only of creating an impetus for demands in the society with respect to the benefits that city hall can provide, but also of finding an outlet for the impetus for demands among the community of public servants to have them fulfilled. The labor movement need not stop demanding just because PT has taken over the government.

[FOHLA] Will City Hall be in the service of those demands?

[Lula] I believe that the government will be in the service of those demands. The government will have to work on those demands with the greatest possible security, and the greatest possible impartiality, so as to be able to meet them even before they are made. I think that a good government goes to the forefront of demands, proposes, studies, perceives, and acts. A very bad government is one that is always distorting, claiming that the employees are not organized, and hence they have not prepared an economic plan and an economy policy for employees; and then, when the employees go on strike, it says that it will talk only if they stop the strike. That's a very bad government. A good government is one that realizes that it must give the employees a raise once in awhile, realizes that it is necessary to prepare the administrative machinery for giving that raise, and realizes that money must be procured; and hence, there must be a discussion with the community on how that money is to be procured, so as to be able to pay it. And that's what PT will do.

[FOHLA] You favor early presidential elections in which you would be one of the candidates. Isn't that a coup-oriented proposal, especially when made a few days after a Constitution has been approved by a majority in the Constituent Congress?

[Lula] First, I would merely like to say that this idea is mine and that of other party comrades, but not an idea of the party. The party has had no deliberations regarding this, and the party might even deliberate to the contrary. There are some party comrades who maintain that the idea of hastening the succession could prove to be a solution to the crisis that Brazil is undergoing at present. I don't view that as a coup-oriented idea; because we're not attempting to hasten coups, we're attempting to hasten elections. The president of the Republic should, in a grand gesture, assume responsibility for the idea of proposing to the Congress an amendment to the constitutional article, in an attempt to stipulate elections as quickly as possible. Without this, I consider it very difficult to succeed in solving this country's economic, political, and social problems. We still have 15 months ahead of us; which is a long time. The country is ungovernable; the country has people with a total lack of belief in the established authorities. Elections could be the path whereby we would indicate to the society a solution in which it could believe, another solution that exists. The party is also debating an alternate economic, political, and social plan to be submitted to the government and the other parties. We'll see whether the people succeed in finding a solution; because I don't believe that the people can continue any longer undergoing the despair that they are experiencing.

* Implications of PT Municipal Election Victory

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[Text] Few elections have been as useful to the country as the 15 November 1988 elections. Between 0800 and 1700 hours on Tuesday of last week, 70 million voters went to the polls to deliver a bitter message—as had never been seen before. It was not only that the people did not like the government—a message that, good or bad, could be read in almost all of the election returns in the country since 1974. Nor did the electorate last week ask the incumbent party to return to the ranks of a provisional opposition, giving way to parties that, under the labels of PDS [Social Democratic Party], PFL, or even the PSDB [Brazilian Social Democracy Party], had administered the government's business until election eve. The polls of 1988 massacred the PMDB in the large cities, crippled the PDS in its biggest power base, namely Sao Paulo, and marked the fiasco of the conservative parties in the contest for the country's second city—Rio de Janeiro.

Last week, the electorate gave notice that it is tired of worm-eaten politicians. It opened a fissure in an electoral system in which the political parties take turns as actors in the same play, and told the country that is tired of that show which does not lead anywhere. The name of that fissure is the Workers Party, or PT. With a block of only 16 seats in the Constituent Assembly, the PT entered the contest with two mayoralities in hand: one in a city called Icapui, 250 km from Fortaleza, with a population of 18,000, and Vila Velha, 13 km from

Vitoria. When the ballot boxes were opened Wednesday morning, the new development was discovered. Deputy Olivio Dutra won the mayoralty of Porto Alegre with a good lead over the second place finisher. The PT also won in Campinas and Santos, hung its star in the administration of three of the four cities that comprise the Sao Paulo ABCD [Santo Andre, Sao Bernardo, Sao Caetano do Sul, Diadema], and put its badge on another capital—Vitoria. With a few months remaining before the opening of the election campaign in which the succession to President Jose Sarney is going to be decided, the PT also garnered the most spectacular political prize at stake last week—the mayoralty of Sao Paulo, which after 1 January will be occupied by Deputy Luiza Erundina, who defeated Paulo Maluf of the PDS in a tight race. A dedicated activist of the landless movement, Erundina was launched as a candidate under the sponsorship of what is dubbed the “Shiite” wing of the party. In the final stretch, she received the blessings of the Catholic hierarchy and became the first case of a PT candidacy to benefit from the vote that counts. Maluf entered the election contest with movements grounded in Janio Quadros’ victory in 1985, and ended up suffering his third political defeat since he ran for the presidency against Tancredo Neves in 1985.

“The electorate recognized our oppositionist stance,” declared Deputy Luis Ignacio Lula da Silva, founder of the PT. “For the political class, the election had the force of a gale,” declared Deputy Plinio de Arruda Sampaio, of the Sao Paulo PT. In 1982, when it ran in its first election, the PT scraped up 1.4 million votes. Last Friday night, when all returns had not yet been counted, that figure was hitting 8 million votes. The PT emerges from the 15 November elections controlling 37 mayoralties, and begins 1989 in the administration of cities that together account for something like 40 percent of the GNP. Even when it is remembered that the PT star received close to 12 percent of the available votes in last week’s elections, it is an impressive growth, by the mathematics of the victories, the electoral geography, and what is underneath it all. There was a time when the electorate entered the voting booth to protest, as occurred in 1974, for example. On other occasions, the vote was used to cast the PDS out of the state governments, as occurred in 1982. It is true that, last week, in the same ballot boxes that empowered it in 1986, the PMDB paid the price for abandoning the promises of the Cruzado Plan, pigeonholed 5 days after the election. Nevertheless, the voting that propelled the PT caravan last Tuesday is of another nature.

It was not a vote against the incumbents in the government and in favor of the opposition, because a good part of the opposition members apparently better equipped than the PT to emerge victorious—such as the “toucan,” Artur da Tavora, in Rio de Janeiro, or even Paulo Maluf in Sao Paulo—ended up trailing badly in terms of election performance. What we saw in the municipal elections was the emergence of another vote—a vote against everything as it has always been. “It was a revolt

vote, for a consistent party,” declared one of the PT’s worst enemies, Dr Ronaldo Caiado, president of the UDR [Rural Democratic Union]. “The contest showed that the electorate is moving to the left,” declared PT Deputy Paulo Delgado. It is obvious that the majority of the voters is not in a state of rebellion against the constituted order, just as there are few Brazilians who share the PT’s leftist ideas. To get an idea of that, suffice it to recall that Luiza Erundina won the Sao Paulo mayoralty with 30 percent of the votes. The margin was sufficient to guarantee her first place. However, if she had run in the 1985 election, Erundina would have come in third; in that election, Senator Fernando Henrique Cardoso received 35 percent of the vote.

The most amusing aspect of the PT’s vote is that it shows that, until last week, the Brazilian political world would have been well portrayed in one of the chapters of the French writer Marcel Proust’s masterwork, “Remembrance of Things Past.” It is one of those milieus frequented by rich people, with traditional surnames and a family tree with a direct line to nobility, or to big fortunes. Proust’s characters have their rivalries and pettiness; they attend masked balls and engage in a great deal of intrigue among themselves. The difference is that both Guermantes, a noble family with roots that go back to the Middle ages, and Swann, a family of burghers who became wealthy many generations ago, never mix with a good part of the people who surround them, the so-called hired help. In one of the scenes in the book, in which a dinner at a completely glass-enclosed luxury restaurant is described, Proust compares the ambience to an aquarium and asks himself what would happen if some day the aquarium glass were to break and the people on the outside, accustomed to viewing the dinners from afar, were to end up going inside. Last week, that is not precisely what happened in the election returns; but it was as if, for example, Françoise, a domestic who moves about in the parties in “Remembrance of Things Past,” were to arrive at a ball in her chambermaid’s costume and draw out the noble Robert de Saint-Loup to dance.

In Proust’s work, Guermantes and Swann are the names of the established order. In the Brazilian political kingdom, they are Ulysses Guimaraes and Orestes Quercia, of the PMDB lineage, Aureliano Chaves and Marco Maciel, of the PFL family. It is true that they have their problems among themselves, and there is as much intrigue inside the PFL as between the PFL and the PMDB; but it is also true that, in the eyes of last Tuesday’s voter, they could have answered to the surnames of Guermantes and Swann. The most complicated angle of the established order in Brazil is its dimension; because the established order means public employment, million-cruzado salaries, and newspaper headlines regularly citing corruption. It can also be translated into a monthly inflation of 30 percent. Like Proust’s characters, the PFL and the PMDB are occasionally capable of producing elegant gestures—such as a gentleman’s agreement called a Social Pact. The difficulty for those who can only view those civilities from

afar is the manner of gentlemanliness that occasionally seems to be reserved for those who have never been on the inside. Six days before the elections, for example, three industrial workers were killed by Army troops at the Volta Redonda National Iron and Steel Company plant.

"The voter taught the traditional politicians a lesson," declared the new mayor of Rio de Janeiro, Marcello Alencar, one of the big winners of former Governor Leonel Brizola's party, the PDT [Democratic Workers Party]. Another successful candidate was Jaime Lerner, who won in Curitiba with almost 50 percent of the vote. "The biggest mistake those people made was to underestimate the people," added Alencar. The mayoralties won by the PT and the PDT mark a growth in voting for the parties of the left in various parts of the country. The development was reported in the NEW YORK TIMES, and in Paris it was the subject of an editorial in LE MONDE, which termed the vote for Luiza Erundina in Sao Paulo an "earthquake." In Brasilia, however, President Jose Sarney did everything possible to give the impression that he was not even there when the campaign took place. "The defeat is clearly that of the governors," said Sarney in the course of a conversation last week.

An election boss in reverse, of the kind the politicians use to steal votes from their adversaries, Sarney did everything possible to keep himself physically distant from the campaign. He savored the defeat of Ulysses Guimaraes' PMDB and battled only in Carlos Guerres' campaign for the mayoralty of Sao Luis, which he followed by telephone daily. Since his inauguration, Sarney has specialized in the production of pronouncements against the political class. Last week, however, the president appeared before the microphones of the Fireside Chat Program with a different speech. "I do not have any prejudice," he said. "I talk, I dialogue with any party; I can even conceive of a national union with defined objectives so that the democratic process may be completed." As occurs in every election, the 1988 polls served to check a package of apparently established truths, and also produced their body of particular legends. One of the myths exploded by the campaign was that in order to gain the good graces of the electorate, it is sufficient to have a good television program. In fact, the majority of the PMDB candidates had the resources and specialized teams to produce their appearances on television, much longer than those of their rivals; nonetheless, they did not manage thereby to save themselves from defeat. The legend that the municipal elections brought to the surface is an older one, and pertains to the theory that 15 November 1988 marked the funeral of the PMDB. To believe in that possibility, dealing as we are with a party that holds the majority of the state governorships, all of them elected, is to bank on a mirage. Those who believe that the polls are capable of killing the parties forget that they also have the power to resurrect them. Suffice it to recall what the PDS was in 1986 and what it is today. Or even the PT, shredded in its electoral debut in 1982.

In reality, the great development that emerged from the polls does not lie in the world of those who were always on the inside, but on the behavior of the people who wanted to put the PT there. What changed in that case was not the campaign the party waged about its candidates. As has occurred since 1985, the PT is a star of unionists of the left and Marxist intellectuals, but it likes to present itself on TV as a new brand of toilet soap.

The big change occurred among the millions of Brazilians who left their homes on 15 November with a voter's card in their hands and a common idea in their heads. In a phenomenon that had not been seen in a long time, the large capitals divided down the middle, according to each candidate's party. In Sao Paulo, for example, Paulo Maluf was the vote-getting champion in the affluent districts, such as Jardins and Indianopolis—he received 35 percent of the vote, against Luiza Erundina's 27 percent. In the periphery of the city, however, where the number of problems is proportionate to the number of available voters, the opposite occurred: the PT candidate received 30 percent, against 20 percent [for Maluf] in places such as Capela do Socorro and Guaianazes, for example. A quite similar phenomenon occurred also in the capitals where the PT came out ahead, and even in those where it came in second.

With a concentration of workers who earn little, small businessmen, and families that live in slums, Zone 113 of Porto Alegre, with 81,000 voters, gave almost 50 percent of its vote to Olivio Dutra. Three years ago, the same PT managed to get the support of a little more than 10 percent of the same voters in the same place. In Barreiro District in Belo Horizonte, the domicile of workers who work in the industrial city of Contagem, economist Virgilio Guimaraes has campaigned for mayor on two occasions. The first time, in 1985, he obtained 8 percent of the vote. In 1988, in a drive that carried him close to the vote received by the new mayor of the Minas capital, Pimenta da Veiga of the PSDB, Virgilio obtained 43 percent of the vote.

Last week, while the votes of the PT were emerging at the polls, there were those who considered the idea of living under an administration of Lula's party a delight, and there was also no lack of those who were likely to be horrified at that prospect. The PT star achieved many exploits in the municipal elections. In Sao Paulo, for example, the installation of Luiza Erundina is at least going to set a record. With its 11 million inhabitants, the capital of Sao Paulo has now become the largest city in the world controlled by a Marxist mayor—not even Moscow and Shanghai, where the mayors are not elected and are not always Marxists, have such a large population.

"The PT is going to undergo a new experience now," declared Army Minister Leonidas Pires Goncalves. "It is going to see how difficult it is to take care of the window. Until now, it has only been on the other side," added the minister. The development announced by the 1988 voters is much more original than the Army minister

imagines. What differentiates the PT mayors is not that they were always on the other side of the window; it is that that party was built by persons who were always on the other side of the prison bars. One can certainly have fears about the competence of the PT mayors to cope with the difficulties with which they will be faced. One can even bet that they will commit many blunders, as the politicians who govern the country invariably do. What is certain, however, is that Brazil is not going to come to an end because of that. After all, by the exclusive will of the voter, as of now, the PT is also part of the established order.

The Minuet Broken

The country's electoral tradition shows that the Brazilians have always gone to the polls to substitute "what is" for "what was." "What is" loses and leaves, but it is automatically transformed into "what will be." In that movement, the opposition vote promotes a rotation in which the same things are mutually replaced at each turn. In a good example of that alternation, the group of Governor Miguel Arraes (what is) lost the mayoralty of Recife to Joaquim Francisco (what was), but is already thinking of the next election, in the capacity of "what will be." That is the script that was broken in last week's election. In Sao Paulo, Governor Orestes Quercia was synonymous with "what is," and it was believed that he would be defeated in the capital election by "what was," Paulo Maluf. When the ballot boxes were opened, the one elected was Luiza Erundina, "what has never been." Below is the dance of the substitutions and the new dancers.

Bahia Governor Waldir Pires was in the center of an arrangement only possible in politics. With the support of the present mayor of Salvador, Mario Kertesz, and the silence of Communications Minister Antonio Carlos Magalhaes, broadcaster Fernando Jose of the PMDB won the election. On the wrong platform, Waldir Pires of the PMDB supported the defeated candidacy of Virgildasio Senna of the PSDB and lost with him.

Sao Paulo Governor Orestes Quercia faced a succession of defeats. He contributed to the schism of the PMDB that gave rise to the PSDB, while imposing his candidate for mayor of Sao Paulo, Joao Oswaldo Leiva, who was launched to run against Paulo Maluf of the PDS. Leiva lost to Maluf, which was foreseen at the outset of the campaign, and also to Luiza Erundina, who beat all of them, which was not expected; and Quercia could have suffered more defeats if the campaign were to continue for another month.

Pernambuco Governor Miguel Arraes gave way to the minuet of the PFL of Marco Maciel, who in the 1986 election had left the lane clear for the Arraes group. Rio

de Janeiro Governor Moreira Franco, entered the campaign giving the impression that he expected the defeat and disappearance of small PMDB leaders, emerging at the end as the big state party leader. Defeated, he himself emerged as a small leader.

In the contest for the mayoralty of Belo Horizonte, Governor Newton Cardoso had only one adversary: Pimenta da Veiga of the PSDB. In the end, Cardoso was doubly—his candidate lost to Pimenta and also to the PT, which was not barred from the ball.

Parana Governor Alvaro Dias (what is) was certain that the mayoralty of Curitiba would go to his party, the PMDB. He lost it to Jaime Lerner (what had already been), who registered 2 weeks before the election for the PDT.

A banking leader caseated for intervening in the union, Olivio Dutra is a sort of Rio Grande do Sul Lula. He won in Porto Alegre with 34 percent of the vote, beating newspaperman Antonio Britto and PDT candidate Carlos Araujo, who in the final stretch attacked the PT as the bogey of anticommunism.

Marcello Alencar won the election in Rio but the big winner is Brizola. The contest showed that the Southern Zone may even vote for the PT to remain far from the former governor, but made clear that the PDT has an impregnable fortress in the Western Zone.

Dr Vitor Buaiz of the PT, who "had never been," had already tried—he was a candidate for mayor of Vitoria in 1985. This time he won easily, with 37 percent of the vote.

The mayor of Sao Paulo, Luiza Erundina, has already been a strike leader and also supported the landless movement. She "had never been" but, at the beginning of the campaign, even the leaders of the PT tried to replace her as a candidate for someone who "had already been" [part of the established order], Deputy Plinio de Arruda Sampaio, author of the Carvalho Pinto administration's plan.

The CUT was already very strong in the ABCD industrial region. Now the PT has three mayoralties: Santo Andre, Diadema, and Sao Bernardo, where Mauricio Soares won with 36 percent of the vote.

Businessman Sahid Xerfan won in Belem with close to 60 percent of the vote. He was the national champion in these elections. A former mayor appointed by the PMDB, Xerfan "has already been." He returns with the PTB label.

Former Minister Joaquim Francisco, mayor of Recife, tried the PSDB label but ended up remaining in the PFL. He beat Arraes, calling for agrarian reform and defending the right to strike.

Fernando Jose of Salvador is the only great PMDB success, but he opens a hemorrhage in the party. The present mayor, Mario Kertesz, supported the winner, while Governor Waldyr Pires went into the opposition.

Jaime Lerner was twice a bionic [appointed] mayor of Curitiba for ARENA. He returns to the same position with almost 50 percent of the votes, for the PDT party. Lerner is really a very popular politician. In 1988, he was supported by bankers as well as Leonel Brizola.

In terms of lively fellowship, the election of former Governor Esperidiao Amin in Florianopolis was a success; the celebration began in the PDS, his party, but it also enlivened the ranks of Brizola's PDT.

The new mayor of Belo Horizonte, Pimenta da Veiga of the PSDB was born there—his native city is named Pimenta da Veiga. In Brasilia, the PSDB is the left of the PMDB. In Minas, it allied itself with the PFL against the PMDB.

The Voice of the Cemetery

"I regret the deaths but they will serve as an example to the others," General Jose Luiz Lopes da Silva told the bishop of Volta Redonda, Dom Waldyr Calheiros, in justifying the death of three metal workers during the invasion of the National Iron and Steel Company plant by Army troops 2 weeks ago. Last week, many of the PMDB candidate found that the example of the deaths served to help their adversaries who ran more to the left, and credited a good part of their defeat in the mayoralty races to the Volta Redonda tragedy. "I believe the polls throughout the country responded to the episode," declared Dr Nelson Goncalves Filho, who ran for mayor of Volta Redonda under the PFL-PMDB-PSC coalition. His rival, Federal Deputy Juarez Antunes of the PDT won the election with double the number of votes received by the PFL candidate.

"In visits made to factories after the massacre, I was able to sense the hostility of some voters," complained Deputy Mauricio Fruet, who ran for mayor of Curitiba for the PMDB. "At least three workers told me during those visits that they would no longer vote for the PMDB because the party had ordered the killing of the workers in Volta Redonda," related Fruet. "I have no doubt that the National Iron and Steel Company episode helped us," declared Deputy Jose Genoino of the PT, who last week celebrated the victory of Luiza Erundina in Sao Paulo.

Last week, General Lopes, who commanded the Volta Redonda action, sought to deny the dialogue related to VEJA by the bishop of the city. "I never told Dom Waldyr Calheiros that our operation would serve as an example," declared the general. "I only said that I regretted what had happened but that we did everything in compliance with a mission," he declared. "He can even say that he was misinterpreted," responded Dom

Waldyr, "but he did say that," he concluded. If the three dead in fact served as an example, the polls may have indicated that the general misfired.

Lula Emerges in Front

The victories of the PT last week shook the position of the stars in the presidential succession. There are irreparable losses of luster in the center and to the right. The stars of Governors Orestes Quercia, Newton Cardoso, Alvaro Dias, and Miguel Arraes, for example, are dimming. The same is true of the star of the president of the PMDB, Deputy Ulysses Guimaraes, whose party emerged from the polls in shreds. The most notable changes, however, occur in the constellation of the left. At the head of a party that by the end of the week believed it would round up between 7 and 8 million votes throughout the country, the equivalent of more than 10 percent of the Brazilian electorate, Deputy Luis Ignacio Lula da Silva of the PT immediately became the star of the first magnitude in that segment of the electorate. Until election eve, that place had been occupied by former Governor Leonel Brizola, who ended up being singled by the performance of the PT.

"The result of that election changed everything," said the mayor of Salvador, Mario Kertesz, one of the rare winners within the PMDB. "It is like in a game—the cards have been shuffled and now everything begins anew," he explained. From the center to the left, there is a game already set up but some cards have changed hands. In winning the elections in large electoral colleges, such as Sao Paulo, Vitoria, and Campinas, and defeating Brizola on his own turf, Porto Alegre, Lula and the PT have taken the lead in the contest. "Now, Lula is the main candidate of the left," assessed Federal Deputy Plinio de Arruda Sampaio (PT-Sao Paulo). "Lula's candidacy has become a serious obstacle in Brizola's trek," agreed Deputy Delfim Netto (PDS-Sao Paulo).

The new arrangement of the cards in the succession game led the PDT to a classic political operation, which is to participate in someone else's party without being duly accredited to do so. Commenting on the election of Luiza Erundina and other PT candidates, Brizola always used the first person plural. "Our victory means that the economic system and the leaders are being questioned," he said. "We are members of the same family," he added. That effort to meld the results runs into a statistical fact: When the PDT supported Erundina's candidacy in Sao Paulo, the popularity of its candidate, Ailton Soares, among the voters was just above zero, according to the polls. The PDT is so weak in Sao Paulo that this is the second consecutive election in which its candidates have withdrawn before election time.

By the rules of the new Constitution, the election for the successor to President Sarney will be in two rounds. It is not difficult to imagine, therefore, that Brizola's PDT and Lula's PT may have their own candidates in the first round and end up reaching an accord in the second

round to confront a candidate of the center to the right. The affinities between the two, however, are to that visible. The election in Porto Alegre was an example of that. "Here, I was the victim of a reactionary campaign by the PDT," charged the new mayor, Olivio Dutra of the PT. "When I began to rise in the polls, they used arguments of the right against me, accusing the PT of wanting anarchy and of encouraging invasions of land," recalled Dutra. As a rule, there is a great difference between the two parties in the style of conducting politics. The PT and the PDT gained great victories last week conducting a campaign against "the established order." The difference is that the PT does not do business with "the established order." When he is in trouble, Brizola does. His ally in Paraiba, victorious in the Joao Pessoa mayoralty election is former Governor Wilson Braga of the PFL, who 4 years ago was the only PDS governor to remain faithful to the end to the candidacy of Paulo Maluf in the electoral college that elected Tancredo Neves. In Florianopolis, the new mayor, Espiridao Amin, another Brizola ally, belongs to the PDS. There are even extreme cases, such as that of the new mayor of Aparecida in the interior of Sao Paulo, Claudio Galvao, who assumes the position of a neo-Nazi. "I am in the PDT because I did not find a party label in the other parties," confessed Buenos.

The Brizola leaders spent the week taking for granted a PDT-PT alliance in the contest for the succession to President Sarney but they did not find much of a response from the other side. "I do not want to think of that, not even as a possibility, for the time being," said Lula. "I only hope that Brizola makes alliances as far to the left as possible," he added. Brizola himself does to know if that is his natural course until the November 1989 elections. "What we are interested in is adding up the number of the concerned, wherever they may come from," he said last week. "Brizola has one product to sell, his own candidacy," declared the president of the Ruralist Democratic Union (UDR), Ronaldo Caiado. "Since the clientele on the left has become scarce after the PT victory, he is going to seek buyers on the right," he predicted.

With the game set up that way, to the left, confusion reigned last week from the center to the right. Among the many losses recorded in that area is that of Senator Mario Covas, the "toucan" candidate of the PSDB, which on the day following the election, had a string of failures throughout the country with the single exception of Belo Horizonte. In Sao Paulo, where the PSDB imagined it had reasonable election strength, its candidate, Jose Serra, managed a modest fourth place finish. In Salvador, Covas' PSDB foundered along with Governor Waldir Pires who, even though he belonged to the PMDB, supported the "toucan" candidate, Virgildasio de Senna.

The strength of the victories to the left last week resulted in a veritable auction of candidates to the right. "I do not see a very unfavorable situation for my candidacy,"

ventured PDS national president Jarbas Passarinho, taking a sniper's stance. "If democracy should be in danger, I will come out as a candidate," admitted the mayor of Sao Paulo, Janio Quadros. More to the center, the hubbub was complete. Two of those defeated, Governor Orestes Quercia and Deputy Ulysses Guimaraes met in Sao Paulo on Thursday to discuss what to do. "We need to reevaluate PMDB-Sarney administration relations," proposed Quercia. "All possibilities will be examined," promised Ulysses. In Belo Horizonte, another who wanted to break with Sarney after having supported him unconditionally in recent times was Governor Newton Cardoso, who lost the elections, even in the city of Contagem, his main electoral power base. "In order to be a candidate for president, Newton would have to receive the green light from the people," reminded Deputy Roberto Brant, who is leaving the PMDB. "He received a 'no' and is now liquidated."

*** Covas on Candidacy, Alliances, Other Candidates**
33420020a Sao Paulo O ESTADO DE SAO PAULO
in Portuguese 10 Dec 88 p 4

[Article by Eliane Cantenhede]

[Text] Brasilia—Yesterday in an interview with the ESTADO agency, Senator Mario Covas acknowledged for the first time that he is a PSDB [Brazilian Social Democratic Party] candidate for the Presidency of the Republic. The government platform is already drawn up and Covas stated that the party's proposals will be "distinct, clear-cut and, especially, believable." The reasoning: "It is of no use to offer paradise, for what the people really want is to ascertain the way to purgatory before heading toward paradise."

A Santos resident of Sao Paulo State, civil engineer, 58 years old, Covas has recognized the influence which will be exerted in a presidential succession by an alliance of the UDR [Rural Democratic Union] with sectors of the urban Right but said he is convinced that only a progressive platform will be able to win the election. Although willing to voice an opinion on his principal opponents, such as Ulysses Guimaraes, Leonel Brizola, and Luis Inacio Lula da Silva, the senator appeared somewhat ill at ease at that point of the interview. "It is bad for a candidate, or for one who is being interviewed as a candidate, to give an evaluation of the others," he said.

For example, alliances with the PDS [Social Democratic Party] and the PFL to achieve a consensual center candidacy is not in keeping with the senator's 1989 plans. He asserted that a "counteralliance cannot be made" and that all parties will want to enter their own candidate in the primaries. In the senator's opinion, there is no danger of a leftist victory next year; nor is there any possibility of a military coup. "Not counting those who died in the Volta Redonda event, inexcusable from all aspects, I believe that the role of the Armed Forces in the political transition has been positive," he said.

Meanwhile, the Sarney regime was scarcely mentioned in the interview. "I have already spoken so ill of that administration...I believe that there is no more to say," he stated apologetically. Covas is running alone on the Toucan presidential slate inasmuch as presidential hopefuls Franco Montoro, Fernando Henrique Cardoso, and Jose Richa agreed publicly to support his candidacy. Therefore, he is more concerned with the campaign, succession and platform than with a regime about to terminate.

PT Potential

In the senator's opinion, Luis Inacio Lula da Silva of the PT is a stronger candidate for the presidential office than Leonel Brizola of the PDT [Democratic Worker's Party]. "If you consider the current polls as a barometer of the situation, Brizola is stronger; but if you consider the development curve, Luis appears to have more potential," said the senator, adding that the PT is better organized than the PDT.

While Ulysses Guimaraes, virtual candidate of the PMDB, still hopes to bring the prodigal sons of the PSDB back to the old nest, Covas is following a diametrically opposite path. "Our severance from the PMDB is irreversible," he stated emphatically. He then went on to say that he would be "greatly honored" if Waldyr Pires, governor of Bahia, would join the ranks of the PSDB.

"If I were asked to name six or seven politicians who are outstanding for their political conduct, high morale, trustworthiness, and stature, Waldyr would certainly rank among the highest," Covas said in praise of Pires. When asked if the governor of Bahia would be a good candidate for vice president, the senator answered: "Waldyr is a good candidate even for president."

In addition to the governor of Bahia who, in the election for the mayoralty of Salvador, supported the Toucan candidate, Virgildasio de Senna, ultimately defeated, Covas observed that "there are certain members of the PMDB, and they are not few in number," who honored many Toucans, joining the party or giving their support in the presidential succession.

In the senator's opinion, "the Ulysses candidacy has the dimensions of Dr Ulysses himself, but the PMDB is a faceless party which paid a high price in the municipal elections for its recognized lack of definite purpose." Silvio Santos appears to be a favorite in the polls, according to Senator Covas, "more as an affirmation of knowledge than as a political option." Businessman Antonio Ermirio de Moraes was also discussed in the interview. "Incidentally, I hope that he will be on the side of the PSDB as in the last election," said Covas, who entered Congress in 1962 as a deputy of the modest PST [Social Workers Party] and, later, joined the MDB [Brazilian Democratic Movement] and PMDB before being put on the slate of the PSDB to compete for the Presidency in 1989.

* Idea of New Party Resurfaces in PMDB

33420020b Sao Paulo O ESTADO DE SAO PAULO
in Portuguese 7 Dec 88 p 4

[Text] Brasilia—Parliamentarians of the Center Left, of the PMDB, PSDB [Brazilian Social Democratic Party] and PFL, are holding informal discussions on the possibility of organizing a new party, already capable of challenging the presidential election of 1989. However, the reception has been slight in view of the difficulty of organizing a new association in the midst of an electoral year.

Senator Marco Maciel, chairman of the PFL, said yesterday that shortly after publication of the Constitution he was aware of discussions "on a possible new concept." He has heard nothing further in the last few days, he said, but Deputies Jorge Hage and Saulo Queiroz of the PSDB and Helio Duque of the PMDB confirmed that there are a number of parliamentarians of those parties and of the so-called "independent group" of the PFL who are exchanging thoughts on the feasibility of forming a new association. Deputies Alcantara (Ceara) and Mario Assad (Minas Gerais), both members of the PFL, also heard conversation on this matter but did not express their opinion. "If the new party were created, I would join it, so long as it would be headed by my political leader, Minister Aureliano Chaves," Assad said succinctly. And Lucio Alcantara, chairman of Ceara's PFL, thinks it is very difficult to organize a new party in a presidential-election year but says that he is no longer in tune with the PFL. It is possible that Lucio might join the PSDB, but he does not preclude the possibility of joining the PDT [Democratic Worker's Party], "depending on the regional staff."

The new party would emerge with a logical candidate to succeed Sarney: Toucan Senator Mario Covas. It is also anticipated that he would count on the support of certain governors of the PMDB, such as Waldyr Pires (Bahia), Pedro Simon (Rio Grande do Sul), Carlos Bezerra (Mato Grosso), Max Mauro (Espírito Santo), and, possibly, Miguel Arraes (Pernambuco) and Henrique Santillo (Goias), in addition to recently elected mayors, state deputies, and councilmen. The parliamentarians of the parties involved recognize that there are difficulties in publicly taking on this initiative: those of the PSDB, since their party is new; those of the PFL, since they are convinced that only a minority would accept a center-leftist platform; and those of the PMDB due to the reluctance of the (to-date) largest party to reveal a candidate for president of the republic.

* October Industrial Production Down Markedly

33420020c Sao Paulo O ESTADO DE SAO PAULO
in Portuguese 7 Dec 88 p 21

[Text] Belo Horizonte—Brazil's industrial production in October showed the biggest drop of the 6-month period, a reduction of 7.9 percent over the September result, increasing the yearly loss to-date from 2.2 percent to 2.9

percent. This report was given yesterday by Leonildo Fernandes Silva, director of research of the IBGE [Brazilian Institute of Geography and Statistics] at the 16th National Congress of Economy. He advised that this is the second time in 14 years that industrial production showed a decline from September to October. "This is a totally uncharacteristic performance," he said. The other time was in 1982 with a negative result of 4.3 percent when the recession was afflicting the country.

According to Silva, this development "amazed" his entire staff and the performance for November is not expected to be better in view of certain aggravating circumstances, such as the work stoppages of the CSN [National Iron and Steel Company] and Petrobras. According to him, this year's industrial production will be in the red, contrary to what some segments of the government were predicting. The October decline interrupted a series of months when production was on the rise, and this precisely at a time when there should have been a surge in demand due to the year-end holidays.

Leonildo Fernandes explained that the October performance reflected the decline in commercial sales, the export of manufactured products and the production of industrial sectors associated with agriculture, all of which fell 17.1 percent compared with October 1987. Without trying to give a precise diagnosis of the reasons for the October decline, Leonildo Fernandes said that this development might have been further exacerbated by the adaptation of the business sector to the new Constitution.

According to IBGE research, a comparison with October 1987 showed that all industrial segments except that of transportation equipment (4.7 percent) and tobacco (9.2 percent) had reductions in their levels of production—namely, 16.9 percent in perfumes, soaps, and candles and 1.7 percent in paper and cardboard, the smallest decline.

Considered on the basis of usage categories, the biggest decline in industrial production in October was in the capital-goods sector, with a drop of 8.6 percent compared with September. The smallest decline was in the sector of durable consumer goods, 2.9 percent.

*** Informal Economy Accounts for 30 Percent GDP**
33420010a Sao Paulo O ESTADO DE SAO PAULO
in Portuguese 13 Nov 88 p 50

[Article by Jorge Zappia and Joao Borges, in collaboration with Antonio Felix: "The Successful 'Informal' Economy"]

[Text] In the doorway of cabinet ministries in Brasilia, at the intersections of broad avenues, in the nation's major cities, in the privacy of one's own home, and in the remote corners of backyards, persons operating in the informal economy are daily—by their efforts—making

fantastic sums of money without paying taxes or contributing toward Social Security. From a legal standpoint they do not even exist, and for this very reason no one knows for certain how many of them there are or how much business they do. It is tentatively estimated that this invisible branch of the economy today accounts for approximately 30 percent of the \$271 billion Gross Domestic Product—a percentage that is expected to increase in 1989 (see final paragraph). As of 1985, according to the IBGE [Brazilian Institute of Geography and Statistics] half (27.7 million persons) of the economically active population of Brazil were working for themselves without a signed identification booklet or as paid or unpaid employees.

Some of them are operating very close to the seat of power. Antonio Barroso do Nascimento, for example, does almost Cz\$1 million worth of business per month selling slices of pineapple and watermelon on the Esplanade of the Ministries itself, which was recently the scene of a strike action. Valdivino Pereira de Menezes has for 8 years been supporting a wife and three children on the money he makes by selling lottery tickets to his former colleagues—the civil servants at the Ministry of Finance.

Until 1980 Valdivino had been an elevator operator at that same Ministry of Finance, and what he earned barely sufficed for the weekly purchases at the public market. Between ascents of the elevator he began to sell fractions of tickets for the Federal Lottery and came to the conclusion that if he left his job he could live better. He already had as a customer the current secretary of revenue, Reinaldo Mustafa. In 8 years as an independent worker he has bought a plot of ground and built a 6-room house for himself. The Cz\$20,000 that he clears every week enables him to live modestly but without hardship. "Work as an employee? Never again," he says.

Valdivino's neighbor on the Esplanade, Antonio Barroso do Nascimento, a 22-year-old native of Piaui, began to sell peeled oranges at the entrance to the Ministry of Mines and Energy at 11 years of age and today does Cz\$30,000 worth of business per day at just one of the stands that he maintains on the Esplanade. Every other day he deposits approximately Cz\$140,000 in a savings account. He tells friends that he has already bought three houses, several cabins and other properties.

Investing in the Future

To have one's own business, even if it be clandestine, appears to be precisely the passport to economic liberation for many people. Disillusioned with the teaching profession and its low salaries and unable to adjust her schedule so as to be able to take care of her two children, Sao Paulo schoolteacher Denise Quintanilha, 28, turned in her resignation and left last year to set up her own ready-made clothing enterprise, "which," she says, "I'm going to legalize when I'm making a good profit."

In the meantime Denise is using the old knitting machine of her mother, Marina—who became her partner—to custom-make layettes for infants (and clothing of wool and other materials for small children) in one of the rooms of her apartment. The customers are her neighbors, acquaintances, and friends, but already there is one woman retailer interested in her output, which has reached an average of 10 layettes per month. Mother and daughter work an average of 4 hours per day and do approximately Cz\$30,000 worth of business per day.

Denise could follow the example of the Chilean, Alejandro M. Since his arrival in Brazil in 1981 he has operated a small residential-maintenance enterprise, which he finally legalized last year. "I legalized it because I needed to normalize my situation as an alien, but now I am able to continue working normally," he maintains, pointing out that he had never had any problems with Internal Revenue during 5 years of clandestine existence.

Risk and Failure

The clandestine world is not, after all, rose-colored as some success stories make it appear to be. The other side of the coin is composed of risk and failure, and it was the path of risk that 29-year-old Marcia Y. took when she left her job at a hospital. "Out of boredom" she did not fulfill the bureaucratic ritual—registration at City Hall, a professional examination, the payment of fees and taxes—that would enable her to acquire a legal existence, and she accordingly does not display a license in her office. Marcia sees only patients who are referrals. With an income of Cz\$300,000 per month and facing a financial crisis, she confesses that she still does not know that the future will be. "Maybe I'll go back to the hospital," she stammers despairingly.

In the case of journalist Janete Rubira Pedro, 36, the "future" meant returning to the job of executive secretary with the Regional Council of Sao Paulo Real Estate Brokers (CRECI). Her experience in the informal economy as a vendor of clothing lasted less than 1 year, but that was time enough to discover that success depends on persistence, time, business acumen, and financial independence. "I discovered that I didn't have the knack, and that it is easier to be an employee," she admits. Janet began to work "informally" in 1986, but soon discovered the burden imposed by competition and her lack of aptitude for business. She was Cz\$68,000 in the red when she stopped working in 1987, convinced that she was not born to be a business person.

The Invisible Brazil Is the Wealthier Brazil

The Brazilians who are the subject of IBGE's statistics declare themselves to be much poorer than their bank accounts actually indicate. Brazil today has one segment of its population—as segment twice as large as the

population of Switzerland and one-third as large as that of Spain, with an income equal to that of Switzerland—hidden under the protective cloak of the clandestine economy.

This "invisible nation" came to light as the result of the inquisitiveness of Nelson Barrizelli, general manager of the Susa, Inc. group—a partnership between the British conglomerate Malzoni and the Dutch conglomerate Vindex that controls companies such as Ultramar, Sears, Sandiz, and Bob's. Intrigued by the IBGE's figures, Barrizelli regarded as implausible the statistic to the effect that one-third of the population has an income of from one to three times the minimum wage. His wonderment grew when he made an analysis of the Brazilian economy for the 30 years leading up to 1986 and determined that its average annual growth was 7.2 percent. During the same period, Japan's growth was 7.5 percent.

Barrizelli had already been working on a study to determine the dimensions of the consumer market, and to confirm his data he carried out a test survey in a northern Parana city that has a population of more than 100,000. The objective was to determine what percentage of the population was in class A (families with an income more than 5 times the minimum wage). The IBGE had indicated that it was only 3 percent. Upon completion of the surveys the conclusion was reached that the actual figure was 15 percent. Of those who chose to respond to the questionnaire, 60 percent stated that more than half of their income was "informal" and not declared to the government and income tax bureau.

Barrizelli concluded that of the total population of Brazil, 11 million persons have an annual per capita income of \$15,000 (Cz\$7.71 million), equal to that of Switzerland with its 6 million inhabitants, while an additional 15 million have an annual income of \$6,000 (Cz\$3 million), similar to that of one-third of the population of Spain. By extrapolating these figures to the GDP, the latter was deduced to be 35 percent greater than the 1986 GDP of \$271 billion. In other words, \$87 billion—equal to 80 percent of Brazil's foreign debt—is circulating in the parallel economy, which is expected to increase to 50 percent of the GDP in 1989.

*** Further Privatization Under Consideration**

33420010b Rio de Janeiro O GLOBO in Portuguese
9 Nov 88 p 17

[Article by Sonia Mossri: "Government Wants To Expand Privatization"]

[Text] Brasilia—The technical area of the Ministries of Planning and Finance has completed the draft of a bill to be introduced in Congress that will include new enterprises in the privatization program and eliminate agencies and enterprises in the public sector. If the proposal gets the green light from President Jose Sarney, the list of "privatizable" public entities will be expanded to

include Goiasfertil, Ultrafertil, Nitrofert, and Fosfertil, all of which are linked to the production of fertilizers in the Petrobras group; the Tubarao Steel Company; and the National Cooperative Credit Bank (BNCC).

According to the interpretation made by the economic area, under the provisions of the Constitution the privatization of virtually all of the subsidiaries of the state enterprises is subject to prior approval by Congress. Those enterprises that are already on the list of "privatizable" enterprises drawn up by the Federal Council on Privatization (such as Usiminas [Minas Gerais Iron and Steel Mills], Cobra [Brazilian Computers and Systems, Inc.], Nuclep [Nuclebras [Brazilian Nuclear Corporations, Inc.] Heavy Equipment, Inc.] Nuclemon [Nuclebras Monazite and Associated Elements, Ltd.], Nuclei [Nuclebras Isotope Enrichment, Inc.], and Nuclam [Nuclebras Mining Assistance, Inc.]) should therefore also be included in the draft bill.

Important advisers of the economic area believe that this measure not only requires more extensive political negotiation with Congress but runs the risk of slowing down the privatization process. For this reason, some technicians advocate that the bill be brought to a vote under emergency procedures.

Targeted for elimination are the following agencies and enterprises of the public sector: the Brazilian Urban Transportation Company (EBTU); Sao Francisco River Navigation Company; Rio de la Plata Basin Navigation Service; Rondon Project Foundation; IAA [Sugar and Alcohol Institute]; IBC [Brazilian Coffee Institute]; Brazilian Electric Enterprises Auxiliary Company; Sudesul [Superintendency of the Southern Region]; Sudeco [Superintendency for Developing the Center-West Region]; and Sudhevea [Superintendency of the Rubber Industry].

The economic area has abandoned any idea of laying off the civil service employees of public entities that are eliminated, especially in view of the guarantees provided by the Constitution (job security after 2 years in the public sector in continuous service provided the position is not appointive, and after 5 years in applicable cases). Nevertheless, the government wants to implement Decree-Law 2.421 (enacted in March of this year), which regulates the utilization of civil servants employed by public-sector enterprises, foundations, autonomous local governments, and mixed corporations. Employees who do not hold positions of trust may choose—by taking a classification examination—to remain in the public sector. Otherwise, provision is made for compensation in the amount of up to 6 minimum wages, in addition to the labor guarantees provided by law.

Liquidation Can Yield \$1 Billion

Brasilia—The state enterprises can liquidate a part of their assets by selling off real estate, factories, and equipment, thereby yielding approximately \$1 billion

(Cz\$497 billion) to the public treasury. According to Ricardo Santiago, secretary general of the Ministry of Planning, the extent of sales of assets of the agencies and enterprises will be determined on an enterprise-by-enterprise basis. Iram Siqueira Lima, special secretary of the Special Secretariat for the Control of Federal Enterprises [SEST], said that the total amount of the liquidation is part of the strategy for maintaining the deficit of the public enterprises at zero in 1969.

"Our goal is to liquidate \$1 billion worth of assets," the SEST secretary said, "of which approximately \$450 million (Cz\$223 billion) can be liquidated even before the end of 1989."

Iram Siqueira Lima gave assurances that the investments of the public enterprises will not decline in 1989. He said, however, that alternative measures should be adopted to ensure a volume of investments equal to that of this year.

He stated that the public enterprises will be able to obtain alternative resources from their own receipts; from conversion of the external debt; from leasing; and from the issuance of stock and debenture bonds.

Despite the fact that he is still receiving budget proposals from the public enterprises, Siqueira Lima said he will have the general budget completed and signed by President Jose Sarney by the end of this month.

* Seven Satellites To Be Launched by 1995

33420010c Sao Paulo O ESTADO DE SAO PAULO
in Portuguese 12 Nov 88 p 18

[Text] Rio—By 1995 Brazil will have launched seven Applications Technology Satellites and made plans for two more. This is the prediction made by Marco Antonio Raupp, general manager of the National Institute of Space Research (INPE), at the international conference on "Technology: En Route to the 21st Century." Most of these satellites will be constructed by agreement with foreign research institutes. The most important of these agreements is the one signed with China for the launching of two satellites in 4 years; it gives Brazil access to high-propulsion technology for the launching of large satellites.

"The Brazilian Space Program," Raupp explains, "is oriented toward the use and development of Applications Technology Satellites. These are satellites used in telecommunications, search and rescue operations, meteorology, and exploring for mineral resources." "We have always had cooperation programs with NASA," Raupp says, "but the Chinese gave us a different option." With the USSR, the initial result will be research—in the Mir orbital station—on the growth of crystals in microgravity.

INPE is currently receiving pictures from three satellites (two American and one European). For the development of national satellites, the Institute has had a budget of \$20 million per year since 1983.

According to Paulo Edmur Pollini, vice president of Telebras [Brazilian Telecommunications, Inc.], computer technology and telecommunications are increasingly linked, with the latter benefiting from the development of integrated circuits. In order not to lose the race to develop this sector, Brazil needs to recognize and take advantage of technological opportunities. "The world model," Pollini says, "does not serve us well. The other countries are able to develop products, which are subsequently sold everywhere. Large-scale industries invest billions of dollars in research. In Brazil it's different. This year we have invested Cz\$60 million. That's not very much."

In the opinion of the Telebras vice president, if Brazil is to enter the 21st century with a sophisticated, modern telecommunications system, it must carry out specific projects in the fields of integrated circuits, digital telephony, and cellular telephones.

Canto do Amaro Oil Field Production

PY0401013389 *Brasilia Domestic Service*
in Portuguese 2100 GMT 3 Jan 89

[Summary] The Canto do Amaro oil field in Rio Grande do Norte State, between Mossoro and Areia Branca Counties, has become the biggest producing land oil field in the country with 27,000 barrels a day. The Carmopolis oil field in Sergipe State, which was formerly the biggest oil producing field in the country, produces only 25,000 barrels a day.

Colombia

Missionaries' Kidnappers Call for Lehder Release

PA0601034189 *Buenos Aires REUTER in Spanish*
0020 GMT 6 Jan 89

[Excerpts] Bogota, 5 Jan (REUTER)—Witnesses said today that gunmen who kidnapped two U.S. missionaries in southern Colombia on Tuesday have written slogans on walls demanding the release of a drug baron who is in prison in the United States.

Missionaries Roy Libby [name as received] and Richard Grover were kidnapped Tuesday night during the annual meeting of the Evangelical Missionary Union in Florida, a small town in Valle del Cauca Province, 290 km southwest of Bogota, the sources added.

The slogans say: "For each Colombian extradited, a gringo shot," "Release Carlos Lehder," and "No to extradition." They have been painted on the walls of houses and churches. [passage omitted]

The slogans are the first indication of the possible motive for the kidnapping of the missionaries, who have lived in Colombia for many years and speak fluent Spanish.

However, the kidnappers have not identified themselves. [passage omitted]

Guerrillas Accept Peace Commission Proposal

PA0501215689 *Hamburg DPA in Spanish 2046 GMT*
5 Jan 89

[Excerpts] Bogota, 5 Jan (DPA)—The 19 April Movement (M-19) and the Revolutionary Armed Forces of Colombia (FARC) have accepted a proposal by former President Misael Pastrana Borrero of the opposition's Conservative Social Party (PSC). The proposal accepted by the two rebel organizations, currently in a truce with the government, calls for the creation of a "plenipotentiary peace commission." Their acceptance was announced in a joint communique issued today.

The two rebel groups, which unilaterally declared a ceasefire several weeks ago, state in the communique that they are "in total agreement with former President Pastrana's proposal."

The proposal calls for the creation of a "plenipotentiary commission" to be composed of the chief of state, cabinet ministers, the chairmen of the two parliamentary chambers, the attorney general, and the president of the Supreme Court of Justice. The body would be charged with establishing direct talks to resolve the fighting in the country.

In the communique, the M-19 and FARC, members of the Simon Bolivar National Guerrilla Coordinating Board, also referred to the proposal made by PSC Senator Alvaro Leyva Duran last November noting that "the country knows that we accepted his peace proposal." [passage omitted]

The rebel's communique says "although the enemies of peace continue to murder, threaten, and call for war, we are telling the country that we want peace and reconciliation."

*** Paramilitary Group Links, Operations Detailed**

33480054a *Bogota EL TIEMPO in Spanish*
15 Nov 88 p 12-A

[Text] Segovia, Antioquia—Grief continues to grip the humble homes in this Antioquia municipality which was hit by a massacre last Friday. Authorities did not officially name any group as responsible for the deed.

Although three fronts of the FARC and two commands of the ELN [Army of National Liberation] operate in the region, everything points to an obscure group known as the MRN [Death to Revolutionaries of the Northeast].

Analysts hasten to rule out guerrilla participation in this action, based on the following arguments:

1) The police barracks, city hall, Telecom, and the Agrarian Bank—favorite targets in all guerrilla attacks on towns and municipalities—were not attacked.

2) The criminals traveled in campers. Guerrillas do not usually use these vehicles.

At the time of the attack, the mayor was meeting with several people in her office which faces the plaza where the massacre occurred. Not a single shot was fired at the city hall. Union mineworkers, including members of Frontino Gold Mines, were meeting in a theater near there; no action was taken against them either.

The MRN first came to the public's attention in March of this year after the UP [Patriotic Union] won mayoral elections in five municipalities in northeastern Antioquia.

The MRN announced in communiques, pamphlets, and graffiti that it would kill the UP mayors elected in northeastern Antioquia. On Saturday, 14 May, Elkin de Jesus Martinez, the mayor-elect of Remedios and a member of the UP, was gunned down at a hotel entrance in Medellin.

The MRN claimed responsibility for the crime and stated that there would be other, bloodier actions. There was talk throughout this gold zone about a possible massacre. The people were warned, through signs on the walls, that they would pay with blood for their obvious preference for the UP.

The mayor, Rita Ivonne Tobon Ereiza, a member of the UP, and this political group maintain that the perpetrators were members of a paramilitary group.

Military spokesmen did not ignore that possibility, but they have information that might indicate something different.

The story that circulated that Friday was that the massacre was aimed at the leftist population which is in the majority in that municipality of 25,000 inhabitants. The action of 20 or more gunmen firing in every direction did not contradict this.

However, information gathered by the military authorities reveals the opposite: with few exceptions, almost all the victims belonged to the traditional parties.

Mayor Tobon Ereiza said yesterday that she did not know the political affiliations of the victims. She stated: "All the people killed were well-known in this region, but I do not have information about their political tendencies."

Dubious Accounts

A military spokesman admitted: "The information we have leaves many questions unanswered." According to that information, the massacre lasted only 10 or 15 minutes, contrary to Mayor Tobon Ereiza's statement that it lasted 1.5 hours. The assassins immediately vanished. Some 72 hours later, the police and military stationed in the area had not found any trace of them.

Military sources said that, according to reports received, it was not an indiscriminate massacre with the gunmen firing at anything that moved. Neither is it true that the gunmen traveled in cars. A military spokesman said: "We understand that it was a selective massacre." The UP mayor partially agreed: "There were some selective murders. The assailants entered certain houses and killed certain people." She cited the case of Carlos Enrique Restrepo Perez and his two sons, Carlos and Gildardo. Restrepo had been a member for 40 years of the liberal movement led by Senator Bernardo Guerra Serna.

She explained that most of the criminals were in four campers and a taxi. Almost all were dressed in civilian clothes; however, the occupants of one of the vehicles wore green uniforms. The five vehicles were filled and, apparently, all the occupants fired shots, according to information received by the mayor.

Early in 1988, local police received a telephone call that there was a fight in the Diana Bar located in the La Reina district. The police arrived there and were met by gunfire. Three policemen were killed. Some inhabitants of the sector say that the massacre in La Reina on the night of 11 November was misguided revenge.

None of the victims from the night of terror last Friday had been involved in the investigations being carried out concerning the assassination of the policemen.

The Fourth Front of the FARC and the "Jose Antonio Galan" group of the ELN operate in the area. Official sources have not ruled out the possibility that members of these groups could have blended in with the population. That was market day and many people come from different places. That could be the reason the gunmen "vanished so quickly."

Rumors

There are only rumors in Segovia about the members of the so-called MRN movement.

However, there is no question about its motives. The main objective of the movement is to oppose all leftist groups, whether armed guerrillas or the civilian sympathizers of the UP.

It fought the guerrillas to free the regional director of Civil Defense in Antioquia, (retired) Major Guillermo Rodriguez Velasquez.

In Segovia, the people say that the MRN has already begun to carry out its declaration of war against the people "in a town termed subversive because it elected a member of the UP as mayor."

Mafia Involved

Who finances the MRN?

Some people say that the so-called Medellin Cartel is greasing the palms of this group of assassins.

Some of the events of that tragic Friday lend credibility to this story. First, eyewitnesses stated that the four vehicles that sowed terror arrived via the road that connects Segovia with that capital. They returned on the same road. Also it is known that the henchmen who operate in Medellin are controlled by the drug traffic mafia.

The assassins arrived in campers, drug traffickers' favorite vehicles for criminal actions where the terrain does not permit motorcycles. This was the case in Segovia where the highway is often impassable in the winter.

Several eyewitnesses stated that the shots in the Jhonny Kay were from R-15 machine guns. That type of weapon is only used in Colombia by drug traffickers. At the beginning of the year, 490 were seized in Mexico. They were destined for Colombia in exchange for drugs.

Also the brutal way the assassins massacred the victims is typical of the way mafia henchmen act.

However, some questions arise. Why is the mafia interested in wiping out a town where the majority of people are leftists? What relationship is there between those political tendencies and mafia security, the motive for all their criminal instincts? Do they want to intensify the dirty war in order to fish in troubled waters?

*** Motives for Massacre Proposed**

33480054b Bogota SEMANA in Spanish
22 Nov 88 pp 34-35

[Text] There were faces filled with sadness, rage, and terror. When the government commission came to Segovia, 5 days after 45 people were killed in a massacre perpetrated by a paramilitary group on 11 November, it encountered an atmosphere of mistrust. None of the townspeople wanted to talk which made the sultry weather that threatened rain even more oppressive. In a room set up for the occasion, the officials who had just arrived from Bogota prepared to speak to the people. Minister of Justice Guillermo Plazas Alcid took the floor. Demonstrating his old charm as a provincial

politician, he won over the audience with his presentation of the combined investigative and welfare action that the government planned to take. The latter was already in evidence that morning: the director of the Colombian Family Welfare Institute, Jaime Benitez, was delivering funds from that institute to pay for the medical expenses of the wounded and to pay for burials. He also outlined a program to take care of the children orphaned by the massacre.

The problem with the investigation was more complex. It was not easy to convince people who have never seen justice that this time everything would be different. Although few were convinced, the minister's talk made them feel that they could speak in confidence. Many revealed details that are being analyzed by the 20 investigators who were sent to Segovia to carry out the investigations under the orders of two judges. As one of the first steps, six sketches of the criminals were made by two SIJIN agents who specialize in this. Four of these sketches have already led to the identification of these assassins as of the end of the week.

One of the first official conclusions deals with the logistics and tactics used by the assailants. One source from the security organization told SEMANA: "Analysis of the information we have permits us to conclude that it is either the same group that perpetrated the massacre in Mejor Esquina, or else the two groups were trained at the same place." This conclusion is based on a comparison of the arrival of the assassins and their movements during the massacre as well as the use of campers and R-15 rifles in both cases.

However, a second conclusion unquestionably has greater implications. From the testimony gathered in Segovia and the intelligence the authorities possess, it can be concluded that, for some time, the drug traffickers have shown great interest in gold mining. The area of Segovia, Remedios, and Amalfi is perhaps the most important area in the country in this industry. In the past, drug traffickers were attracted by cattle and bananas; now it is obvious that they have their eye on gold. It is not clear why, but it is assumed that it has to do with the possibility of laundering money through the gold industry. The same source told SEMANA: "First they were attracted to cattle because it was a liquid asset, like a cashier's check. They never know when they are going to have to leave in a hurry, so it seemed perfect to them. Then came the interest in bananas, particularly in the Uraba zone, due to the facilities this region offers for exporting drugs and importing weapons. Now, they are interested in gold, quite possibly for the opportunities it offers for laundering their hot money."

The mafia's reasoning in this case would be the same as in Uraba and Mejor Esquina: to unleash a plan, along with the investments, to exterminate everything that smells of the left, communism, or guerrillas. The Segovia

region and the neighboring towns have a long history of this since the ELN chose them as one of its centers of activity two decades ago during the height of guerrilla activity.

Useless Mock Battles

Beyond these analyses, perhaps the main concern of the government last week was to resolve questions about the passive attitude of both the police and the army, according to all testimony.

Several things are known. First, about 30 policemen and the soldiers stationed in the Bombona Battalion 10 minutes from the town held mock battles in recent weeks imitating a guerrilla takeover of the town. Second, the minute the police heard the gunfire, they entrenched themselves in the barracks, apparently expecting the attack to be directed at them at any moment.

Those two facts lead to many questions. The criminals had to know that the soldiers were training for an attack, so why did they act with such confidence that they rode around the town for 1.5 hours, bathing it in blood? What happened to all those soldiers' training? If the attack lasted 1.5 hours, how is it possible that the police were never tempted to go see what was happening outside? Also, it is assumed that there is radio contact between the police barracks and the battalion. If so, why wasn't the army alerted? If it was alerted, why didn't it come to Segovia to fight? As if all this were not enough to arouse suspicion, the day after the attack, police and army communiques pointed to a combined column of FARC and ELN—the old groups in the area—as responsible for the massacre.

The investigation will be crippled until these questions are answered, even if it is possible to identify the attackers with sketches and find the school where the assassins were trained. For many, this explains why the new minister of defense, General Manuel Jaime Guerrero Paz, used the adjective "paramilitary" in his communique Wednesday, differentiating it from "guerrilla groups." This is unprecedented in the history of official statements from the high command. A source from the Casa de Narino told SEMANA: "It was necessary to make the middle commands throughout national territory understand that it is just as necessary to fight hard against them."

UP Councilman Killed in Antioquia Department

PA0601003789 Bogota Inrvasion Television Cadena 1
in Spanish 1730 GMT 5 Jan 89

[Excerpt] El Carmen de Bolivar Councilman Jesus Antonio Martinez was murdered this morning. Martinez is a Patriotic Union [UP] councilman in Antioquia Department.

Martinez was shot to death at a place 50 km from Medellin. In addition, three businessmen were shot to death this morning as they were leaving a restaurant. [passage omitted]

Finance Minister Rejects Further Wage Increase

PA0601144189 Bogota Emisoras Caracol Network
in Spanish 1215 GMT 4 Jan 89

[Text] Finance Minister Luis Fernando Alarcon has told labor unions that the government will not further increase the minimum wage. The government increased the minimum wage by 27 percent, but this amount is under the official inflation rate figure of 28.12 percent. The finance minister said that instead of revisions, what is needed to protect the workers' real salary is success in the struggle against inflation. The government has committed itself to keeping the inflation rate under 24 percent. The finance minister called on labor unions to keep a constant check on prices, as controlling prices is one of the Barco administration's primary goals for 1989.

Ecuador

Foreign Debt Agreement Signed With Japan

PA0501135389 Quito Voz de los Andes in Spanish
1200 GMT 4 Jan 89

[Text] The Ecuadoran and Japanese Governments have signed documents for the renegotiation of Ecuador's foreign debt within the framework of the Paris Club and in accordance with the previously signed consolidation act outlining the terms and general conditions to adjust the payments of principal and interest due from January 1988 to 28 February 1989.

The document was signed by Ecuadoran Finance Minister [Jorge Gallardo] and Japanese Ambassador to Ecuador Akira Nakayama.

* Education Minister Defends Literacy Program

33480060 Quito EL COMERCIO in Spanish
17 Nov 88 p A-8

[Text] Guayaquil, 16 November—Alfredo Vera Arrata, architect and minister of education and culture, has denounced the implementation of a campaign against the National Literacy Program which his ministry is carrying out, a program in which various social, political and cultural sectors in the country are participating.

First, there was talk of Cuban and Nicaraguan interference. Now, there is talk of an alleged Marxist indoctrination in the literacy campaign, all of which points to supreme foolishness on the part of those blindly opposed to the present administration. Vera Arrata emphasized that President Rodrigo Borja is providing all the support necessary for the success of this program which will benefit millions of Ecuadoreans.

In an interview with Alfonso Espinosa of Ecuavisa, the minister stressed that, on many occasions, he had made clear the extent of participation of the few Nicaraguan and Cuban experts because their number will continue to grow as time goes on and the program evolves until 40,000 "Nicas" and people from the Caribbean have arrived.

It is a cowardly way to oppose the literacy campaign, he said, because they do not have the courage to do so face to face and acknowledge that it is not a political campaign; if it were, it would not have been favorably received—as has been noted—in various sectors, like the Catholic Church. He informed us that the chairman of the executive committee for the campaign is Father Jorge Ugalde, president of the Catholic Educational Establishments Federation and ex-president of certain Salesian colleges, who, furthermore, has the support of the Episcopal Conference.

"If anyone were to doubt the reliability of the Episcopal Conference but not its analysis, we would no longer have anyone to believe in," he added. He pointed out that there are over 60 organizations of the most varied kinds that have expressed their support for the campaign.

Vera noted that several foreign nationals had been invited to attend a seminar, among them a Bolivian, a Colombian, a Mexican and also two Cubans and a Nicaraguan, who remained for between 4 and 13 days.

Since then, a campaign has been launched to discredit the effort that is being made to carry out the literacy program. No more Cubans have arrived, much less Nicaraguans, he noted. He emphasized that it is not that they are afraid of Cubans coming here; if it were necessary, they would act in the same way as the previous administration, which brought in a Cuban expert to investigate the case of Colombian criminal Daniel Camargo Barboza.

To combat the dengue epidemic, they brought in Cuban experts—even Cuban cows—and nothing happened to the country. He recently underlined the fact that they do not need Cubans or Nicaraguans or people from any other country to know what they have to do to promote literacy. He added that, since they have conducted mass literacy campaigns in Cuba and in Nicaragua, there was interest in knowing what sort of experiences they have had.

He said that a Spanish expert, sent by King Juan Carlos, arrived yesterday to help in other areas of the literacy campaign, in the printing and handling of teaching materials.

The problem lies in the fact that the government's enemies are not frank enough to tell us that they oppose the literacy campaign because Rodrigo Borja and Alfredo Vera are involved in it. Now, the opponents have

forgotten about the Cubans and Nicaraguans; they maintain that the campaign is not useful and it is going to waste a lot of money educating adults while making 13-year-old youths literate, explained the minister of education.

Content of Teaching Materials

In Cuba and Nicaragua, which had gone through revolutions, they have carried out their own literacy programs. The case of Ecuador is different because its circumstances are different. He noted that, at the conclusion of the seminar, the UNESCO delegate expressed his pleasure that a literacy campaign was being launched within the framework of a constitutional and democratic government like that of Ecuador and because we are breaking with the taboo that a Marxist revolution must take place first in order to be able to promote literacy.

How am I going to ask Father Ugalde, the priests and CEDOC [Ecuadoran Center of Classist Organizations] workers to go and indoctrinate people in this or that dogma if they are going to work for the good of the country? How are we going to ask students at the American College to indoctrinate people with such content? That is absurd, exclaimed Vera. He added that the very universality of the call to action provides it with guarantees for those who are going to be productive in the literacy campaign in the immediate future.

The minister of education identified himself politically as a Social Democrat affiliated with the Democratic Left. It is the only party I have belonged to, he said. I am a radical man for having done these things, he emphasized. He questions how one can implement a literacy campaign if one doesn't make decisions to deal with issues that are sinister and dangerous for other human beings?

He also informed us that he maintains good relations with the cardinal and the Ecuadoran Church. I neither manipulate them, nor are they going to manipulate me, he insisted. He said that he had visited the cardinal a few days ago in Quito to discuss the school breakfast issue. He also stated that he meets with the United Workers Front, the FESE [Ecuadoran Federation of Secondary Students], the UNE [National Students Union] and with all those who are to participate in the literacy campaign.

Eduardo Granja is handling the public relations for the campaign. Before him, it was Rafael Guerrero Valenzuela, who was a member of the AER [Ecuadoran Association of Radiobroadcasters] board of directors.

I've visited Mrs. Guadalupe de Acquaviva, the chairwoman of the Newspaper Publishers Association, and discussed the literacy campaign with her, he said, and added that he would meet with any institution or person who is committed to promoting the great task the Ministry of Education has given us. I have the moral character which gives people the feeling that what we want to

do is to conduct an honest, patriotic and civic campaign in which we are promoting neither the image of the Democratic Left nor that of President Rodrigo Borja, but are sending out a call to action to all the people of Ecuador.

[Box, p A-8]

Alfredo Vera, architect and Minister of Education, emphasized the support President Rodrigo Borja is providing for the literacy campaign and underlined the failure a futurologist is experiencing in his predictions that the ministers of labor and education will cease performing their official duties before this coming December.

He was alluding to the latest statements issued by Francisco Swett, the former finance minister, who asserted that the ministers of labor and education will not manage to remain at their posts until December and revealed certain tactics that would be employed to eliminate them from the present Cabinet.

I don't know how long I'm going to occupy my post. But I do know that it appears that whoever predicts such news has taken an intensive course for futurologists, guessed wrong this year and is left looking like a bird of ill omen, since not only does he predict that Verduga and I are going to lose our posts, but he also assures us that they are going to begin to arrest a number of people.

The minister expressed the hope that this futurologist was not competing with Guga Ayala and that he has some basis for his allusion to the government's support for the literacy campaign being clear from the current administration's massive display of favor for it. And, as for the measures adopted by the Ministry of Education, their purpose is not to measure popularity for, but acceptance of what we are doing, Vera concluded.

Peru

Church, Unions Denounce Leaders' Disappearance

PY0601025589 Madrid EFE in Spanish 2255 GMT 5 Jan 89

[Text] Lima, 5 Jan (EFE)—The Peruvian Catholic Church in Lima today requested that the Attorney General's Office intervene to investigate the disappearance of two union leaders whose whereabouts have been unknown since they were arrested by the police.

Interior Vice Minister Agustin Mantilla yesterday denied that Oscar Delgado, leader of the custom employees union, is being held at a police station and asserted that he was released after being questioned by the Antiterrorist Directorate (DIRCOTE).

Delgado disappeared on 19 December after having been arrested by DIRCOTE personnel, 4 days after employees of the airport and maritime customs began a strike that is ongoing.

Mantilla's version of events has not satisfied the Catholic Church's Social Action Episcopal Commission. The commission, at the request of various labor unions, has denounced Delgado's disappearance before the Attorney General's Office.

Moreover, members of the national police forces on Tuesday, 3 January, raided the headquarters of the Confederation of Peruvian Workers (CTP) and arrested its secretary general, Flavio Rojas, whose whereabouts are still unknown according to his wife.

She said: "I have tried to obtain information on the whereabouts of my husband at the State Security Department, but they have denied that he is being held."

CTP leader Julio Cruzado today told the media that he had witnessed police taking Rojas "by force" and putting him in a patrol car.

Alberto Ramirez, leader of the General Confederation of Peruvian Workers (CGTP) today told the media that "attacks against union leaders and police raids of union headquarters is becoming institutionalized."

Government employees today returned to work after a 48-hour strike demanding Delgado's release, while other CTP unions are getting ready to start strikes intending to secure Rojas' release.

Civil Guard Reports on 1988 Drug Operations

PY0501150389 Madrid EFE in Spanish
0433 GMT 5 Jan 89

[Text] Lima, 4 Jan (EFE)—It was reported today in Lima that Peruvian police confiscated more than 18,000 kg of drugs, destroyed 71 laboratories and 11 clandestine airstrips, and arrested 120 alleged drug traffickers in the country's Amazon region during 1988.

The statistics office of the antidrug directorate of the Civil Guard also stated that 97 maceration pits were destroyed, and 25 vehicles, 44 radios, and more than 65,000 kg of chemicals and coca leaves ready to be processed were confiscated.

Submachineguns, shotguns, carbines revolvers, and ammunition were also confiscated. These weapons were used in confrontations between police and drug traffickers and terrorists who, according to the information, were guarding the clandestine airstrips that were destroyed.

The police source reported that 7,700 kg of basic cocaine paste and 10,733 kg of cocaine sulphate were confiscated during 1988.

The antidrug operations were carried out by units of the Civil Guard based in the jungle town of Tingo Maria, Huanuco Department, located 550 km northeast of Lima, near the region that is considered the "red zone" of drug trafficking.

Police Break Up International Drug Ring

PY3012135688 Lima Television Peruana
in Spanish 0100 GMT 30 Dec 88

[Summary] Today police announced they have arrested an international ring of drug traffickers made up of Peruvian and Canadian citizens. The group had been sending drugs to the United States and Canada in book covers. The gang includes Nora Benavides de Fortin, and her husband Guy Fortin, a Canadian citizen; Mirta Benavides de Fortin and her husband Lou Fortin, a Canadian citizen; and Ilda Benavides and her husband (Albert Delaños). The drug was packaged in Lima by (Juan Carlos Luco Barruvas), alias (Javier Enobi). The police also seized \$25,490, three new Japanese vehicles, 6,120 sucres, and 10,000 cruzados that were found in their possession.

Alleged Ring Leader Arrested

PY3012114388 Madrid EFE in Spanish 0040 GMT
20 Dec 88

[Excerpt] Lima, 29 Dec (EFE)—The Peruvian Antidrug Directorate today reported that the alleged "mastermind" of a drug trafficking gang, whom the Peruvian police have been looking for 3 months, was arrested yesterday. The culprit is also wanted by Interpol.

Javier Enobi, a Peruvian of Japanese ancestry, was arrested with 50 kg of cocaine in his possession, worth \$1.5 million. The drug was hidden inside accounting books being sent to Canada.

Enobi, who once used seven different aliases, is 28 years old and is considered the mastermind of a drug trafficking gang. Some members of the gang were arrested last August.

Some of the arrested traffickers are Manuel Garcia Montes, who was arrested with 450 kg of cocaine; his sister Martha Garcia, and her husband John Barrow, a British citizen.

Manuel Garcia Montes allegedly has links to APRA Deputy Manuel Angel del Pomar, but this claim has not been substantiated.

According to the Peruvian national police, in the past 6 months Enobi has sent cocaine worth \$50 million to Canada and the United States. [passage omitted]

Truck Carrying Cocaine Paste Seized; 3 Detained

PY0501030389 Lima Television Peruana in Spanish
0100 GMT 5 Jan 89

[Summary] A truck carrying 20 kg of cocaine paste has been seized by Peruvian Investigative Police at the Pucusana control post. The three people who were riding in the truck were detained. The driver said he knew there was cocaine among the packages he had been asked to deliver to Lima, but explained that he needed the job in view of his financial difficulties.

Police Discover Cocaine Factory; 2 Arrested

PY3112173088 Lima EL COMERCIO in Spanish
28 Dec 88 p A-10

[Summary] Police have discovered a cocaine factory in the Huancaray Canto Rey Cooperative in Canto Grande. During the operation, police arrested Sebastian Rua Quispe, 30, and Elena Rua Quispe de Fernandez, 32, and seized between 5 to 8 kg of cocaine.

Uruguay

'Full Stop' Referendum Set for 16 April

PY0501021589 Madrid EFE in Spanish 0017 GMT
5 Jan 89

[Text] Montevideo, 4 Jan (EFE)—The Uruguayan Electoral Court has set the date for a referendum on the "full stop" law for 16 April. This law ordered the suspension of all trials against militarymen and policemen allegedly involved in violations of human rights during the military dictatorship.

The "full stop" law was approved in December 1986 by the Uruguayan Congress. It suspended the trials for violations of human rights during the military regime (1973-85) even before the trials formally started.

A congressional commission analyzed the issue and concluded that 45 policemen and militarymen were "deeply involved" in activities that violated human rights. Other social organizations said the number was closer to 180.

A national commission for a referendum to repeal the law was created after Congress approved the "full stop" law. After a year's work, the commission was able to gather 555,701 signatures—25 percent of the electorate—and forced the calling of the referendum.

The Electoral Court spent almost a year verifying the signatures, and on 26 December it officially announced that the required number of signatures for the referendum had been confirmed.

The referendum is supported by the leftist coalition Broad Front; the most important labor confederation; the Tupamaros [former guerrilla group]; and minor factions of the traditional Colorado Party—currently in government—and the National or Blanco Party, the main opposition group.

Legislators from the two traditional parties who approved the law have said they will ask their followers to vote yes, "so as not to bring back to life the painful past."

Last 22 December, Uruguayan President Julio Maria Sanguinetti told the press that it would be "very embarrassing, complicated, and risky for the country," if the law were to be repealed. This statement was interpreted as signaling the beginning of the campaign to uphold the "full stop" law.

Navy Commissions Recently Purchased Destroyer
PY0301141989 Montevideo EL DIA in Spanish
28 Dec 88 p 6

[Summary] The Uruguayan Navy has bought the French Navy destroyer "Victor Schoelcher." It was commissioned last 19 December under the name of "General Artigas."

The destroyer has a displacement of 2,200 tons, it is 103 meters long, 11.70 meters across the beam, and has a draught of 4.80 meters. Its maximum speed is 25 knots. It has 2 100-mm automatic cannons, 2 30-mm machine-guns and 2 triple sets of antisubmarine torpedoes.

Accumulated Inflation Rate Figures Released
PY0501194989 Madrid EFE in Spanish 1449 GMT
5 Jan 89

[Summary] Montevideo, 5 Jan (EFE)—According to the Census and Statistics Directorate General, the Uruguayan 1988 accumulated inflation rate stands at 69.01 percent. This is about 12 percent higher than the 1987 figures.

Venezuela

*** Lusinchi on OPEC Production Agreement**
33480066c Caracas EL DIARIO DE CARACAS
in Spanish 29 Nov 88 p 9

[Excerpt] In Miraflores the president has stated that Venezuela will be able to produce an additional 64,000 barrels of petroleum per day. He praised the mission carried out by the minister of energy and mines.

President Jaime Lusinchi stated on 28 November in Miraflores that Venezuela was one of the architects of the agreement reached by OPEC in Vienna to establish a production ceiling of 18.5 million barrels of petroleum per day.

Lusinchi made this statement after decorating the ministers and officials of the cabinet of infrastructure, whose last meeting will be held on 30 November.

After praising the work done by the members of this cabinet, Lusinchi said that just before the ceremony began he had received a telephone call from Vienna from Minister of Energy and Mines Julio Cesar Gil, who reported to him on the agreement which covers all OPEC countries.

The president said that this agreement will make it possible to maintain the goal of \$18 for barrel of crude oil. He added that it is very important to keep the goal where it is in relation to petroleum products.

He stated: "Under this basic agreement Venezuela will be able to produce an additional 64,000 barrels per day. This has been possible because the countries belonging to OPEC have made a supreme effort of rationality, taking into account the fact that the lack of coherent understanding by some members made possible fluctuations that were so dangerous for the petroleum market."

Lusinchi said that he was proud of the contribution which Venezuela made in reaching this agreement and said that it was part of the mission carried out by Minister Gil in bringing our message to the chiefs of state of several countries of the Middle East and, fundamentally, the great work performed in the case of Iran and Iraq.

He said that Venezuela has been recognized as one of the architects of this arrangement, which seemed so difficult to achieve. [passage omitted]

*** PDVSA Signs Agreement With UNOCAL**
33480066b Caracas EL NACIONAL in Spanish
2 Dec 88 p D-7

[Text] In New York yesterday PDVSA [Venezuelan Petroleum, Inc] signed a letter of intent with UNOCAL [Union Oil Company of California] to set up a joint enterprise which would own a number of assets for the sale of refined petroleum products in 12 states in the United States, including a network of oil and petroleum pipelines, terminals, service stations, and a refinery.

The agreement between PDVSA and UNOCAL, in accordance with directives of the president of Venezuela, was approved by the Venezuelan Assembly of Petroleum Companies and is a part of the sales strategy aimed at ensuring greater trade flexibility and the marketing of quantities of crude oil and refined products in our principal markets. Under the agreement Venezuela will provide 135,000 barrels a day of crude oil.

The distribution and marketing system of the new company includes 9 oil and petroleum pipelines, either owned by itself or in association with other companies, 14 oil terminals, 149 service stations of its own, and

more than 3,500 stations owned by independent distributors who sell UNOCAL products. "Capline," the principal oil pipeline, will reportedly be used to transport Venezuelan crude oil from the Gulf of Mexico to the Chicago area.

The refinery is located in Lemont, near Chicago, and has an approximate capacity of 150,000 barrels of oil per day, with an average yield of 84 percent of high value products. The high conversion rate of the Lemont refinery made it particularly suitable for the processing of Venezuelan crude oil. This refinery principally supplies the states of Michigan, Ohio, Indiana, Illinois, Wisconsin, Iowa, and Minnesota.

Furthermore, UNOCAL is carrying out petroleum exploration and production in the United States, Norway, the Netherlands, and Indonesia. It is producing natural gas in Thailand and coal in Canada. It has five refineries in the United States, an extensive distribution and marketing network, and is the largest North American producer of geothermal energy. In 1987 this company had an income of \$9.393 billion from all of its activities.

*** Partnership in Refineries Abroad Profitable**
33480066a Caracas EL NACIONAL in Spanish
2 Dec 88 p D-7

[Article by Cayetano Ramirez]

[Text] Up to now the spread into foreign markets of the Venezuelan petroleum industry has involved a net payment of \$313 million in cash for the purchase of refining capacity of 450,000 barrels per day.

The companies with which the PDVSA [Venezuelan Petroleum, Inc.] shares ownership in high capacity refineries and petrochemical plants in Germany, Sweden, and the United States have made investments in improvements in the quality and maintenance of the plants amounting to \$352 million. This has been totally paid for out of the cash flow of the companies themselves, without requiring any contribution from PDVSA, as it has from the other partners.

A report on this activity indicates that the companies involved in this partnership, or in integrated companies, as they are also called in petroleum language, have made profits of \$174 million, half of which are for the account of PDVSA, not including the selling price of the crude oil which has been refined. In this calculation the profits of the Ruhr Oel company of Germany have not been included, nor has participation in four companies with refineries and two with petrochemical plants, due to the fact that the agreement in this respect provides that the refinery is a source of costs which does not sell anything or make profits. Instead, profits are obtained from the subsequent sale of petroleum products. If the business done with Ruhr Oel, which has now been going on for several years since 1983, were included, the cumulative profits would be much greater.

Greater Aggregate Value in Processing Venezuelan Crude Oil

According to an evaluation of the results of this kind of partnership over a period of several years, it has been demonstrated that the sales made under these agreements, given normal market conditions and at relatively high prices for crude oil, have been recorded at prices similar to those which would be obtained by selling the crude at posted prices, which is difficult to do. This happened in 1985 and in 1987.

Under difficult market conditions the agreements not only have ensured the sale of crude oil which could not have been made in any other way (as happened in the years 1983, 1984, 1986, and 1988). Rather, the returns by comparison with other, similar refineries have been greater, due basically to the high refining capacity of the plants, as well as the fact that they have petrochemical plants and partnership agreements covering petroleum pipelines which generate additional profits for the refinery and installations for the production of lubricants as well.

This has been possible because in the partnership agreements PDVSA not only has acquired an interest in refineries but also in petrochemical plants—some of which are larger and more complex than existing plants in Venezuela—and in lubricant plants of importance in the markets of the United States, Germany, and Sweden.

An overall balance sheet for the first half of 1988 shows that in Germany, through the Ruhr Oel Company, a price of \$15.19 a barrel was obtained, which represents an increase of \$1.49 a barrel over a similar refinery; through CITGO, in the United States, a price of \$14.55 a barrel was obtained, which represents an increase of \$1.67 a barrel; and through Champlin a price of \$13.74 a barrel was obtained, which represents an increase of \$1.09 a barrel. Through Nynas a market was found for about 30,000 barrels of extra heavy Venezuelan crude oil, at a price of \$8.66 a barrel, for refining into lubricants and asphalt.

New Interest in UNOCAL Would Cost \$1.5 Billion in Venezuela

UNOCAL [Union Oil Company of California] in Chicago, in which PDVSA has just obtained a half interest through its most recent partnership agreement, has a high conversion processing capacity of 150,000 barrels a day.

If this plant were to be built now in Venezuela, its cost would be on the order of \$1.5 billion, which amounts to a very large investment, in terms of the costs of rebuilding some of the existing refineries in the country. This is work which has been put off precisely because of its high cost. Under the terms of the partnership agreements the cost of this acquisition is a fraction of its value, whose impact has been lessened by the financing arrangements which have been made.

Suriname

President To Make Announcement on Peace Measures
FL3112040888 Paramaribo International Service
in English 1730 GMT 31 Dec 88

[Text] The National Assembly yesterday held a closed-door meeting in relation to the developments in East Suriname and the continuation of the peace process.

During this meeting, President Ramsewak Shankar informed the National Assembly in confidence about the measures which will be taken in the peace process. Today the government will deliberate on the work it will have to do in this matter.

Tomorrow evening, President Shankar will in his New Year's message, which will be broadcast by the two television stations in Suriname, make important announcements about our [word indistinct] peace process.